

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,115

Friday September 9 1983

D 8523 B

U.S. banks start to feel debt exposure, Page 16

NEWS SUMMARY

GENERAL

Marines return fire in Beirut

U.S. Marines came under shell attack at Beirut airport yesterday, just one day after Syrian-backed Lebanese militia pledged not to fire on Western peace-keeping forces.

Three shells landed close to the Marines' position. In response, a U.S. warship and Marine gunners fired at a Lebanese militia position in the hills thought to be occupied by anti-government forces there it was the second successive day that the U.S. forces had fired their guns.

As fighting intensified in the Lebanese mountains, Syria would support anti-government forces there it was the second successive day that the U.S. forces had fired their guns.

Punjab uprising

Police in Punjab, northern India, used batons and tear gas to disperse an anti-government demonstration, injuring 63 people.

Airport attacked

At least two people were killed at Managua airport when opponents of Nicaragua's left-wing Government launched a rocket attack on a neighbouring military base and set the airport control tower alight.

Freedom setback

Zimbabwe's Home Affairs Minister, Dr Herbert Ushewokunze, denounced the High Court acquittal last week of six white air force officers gunning down the men, detained after the hearing, would soon be released.

Election violence

Seven people were shot dead and four others injured in Pakistan's south-western province of Baluchistan when supporters of one municipal election candidate opened fire on rival supporters.

Up, up and away

A Czechoslovak racing cyclist and his family were granted political asylum in Austria after fleeing across the border in a home-made hot air balloon.

Rebels killed

Angolan Government forces claimed to have killed 77 rebels and captured large quantities of arms and ammunition in southern Angola during the past few days.

Abortion vote

The Irish Republic voted by more than two to one in a referendum to impose a constitutional ban on abortion. The voting showed a sharp split between urban and rural areas.

Peron staying

Ex-Argentine President Maria Peron broke months of silence to declare from her home in Spain that she does not want to return to Buenos Aires until civilian rule is restored.

Executions listed

The names of 7,748 people who have been executed in Iran since June 1981 were released by the People's Mojahadeen, the country's main guerrilla opposition movement.

Briefly...

China endorsed North Korean leader Kim Il-Sung's plans to be succeeded by his son.

Former Sudanese president General Ibrahim Abboud died, aged 83.

First of 23,000 refugees taking 30,000 cattle to western Uganda began their 250km trek.

Hong Kong battered down as Typhoon Ellen approached.

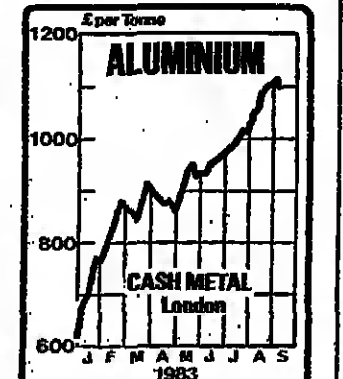
BUSINESS

Brazil 'needs extra \$11bn'

WESTERN governments and banks are now working on the basis that Brazil will need about \$11bn in new external finance before the end of next year - \$1bn more than anticipated. At the special debt conference in Caracas convened by the Organisation of American States, the U.S. yesterday succeeded in toning down radical proposals aimed at easing the region's \$300bn foreign debt. Page 4

DOLLAR closed in London weaker overall at DM 2.6775 (DM 2.687), SwFr 2.173 (SwFr 2.1805), FFf 8.0575 (FFf 8.065) and Y244.55 (Y245.7). Its trade-weighted index was 129 (129.3). In New York, it closed at DM 2.6837; SwFr 2.1785; FFf 8.0715; and Y245.65. Page 33

STERLING closed in London up 5 points at \$1.492 (\$1.4915) but down at DM 3.9975 (DM 4.01), SwFr 3.245 (SwFr 3.255), FFf 12.02 (FFf 12.055) and Y365 (Y366). Its trade-weighted index was 94.9 (94.6). In New York, it closed at \$1.4925. Page 33



ALUMINIUM futures rallied on the London Metal Exchange after setbacks earlier in the week. Cash aluminium closed 59.25 higher at £1,089.25 a tonne but below the record £1,114.5 reached on Monday. Page 32

TOKYO: The Nikkei Dow index slipped 23.19 points to 9,332.47. The Stock Exchange index lost 2.21 points to 686.32. Report, Page 23; leading prices, other exchanges, Page 26

WALL STREET: The Dow Jones index closed up 2.03 at 1,246.14. Report, Page 23; full share listings, Pages 24-25

GOLD rose \$0.75 an ounce in London to finish at \$414.375. In New York the Comex September settlement was \$414.5 (\$414.5). Page 32

LONDON: The FT Industrial Ordinary Index closed up 1.2 at 713.6. In government securities, shorts achieved small improvements while long stood steady. Report, FT Share Information Service, Pages 25-27

DOMESTIC PETROLEUM's president, Mr Bill Richards, said he would resign on October 1, the day Mr Howard Macdonald takes over as chairman and chief executive of the financially-troubled group, based in Calgary.

INTERNATIONAL Association of Tanker Owners said 75 tankers are to be scrapped in order to balance the world tanker market. Page 16

GREECE and the U.S. signed a defence and economic co-operation agreement in Athens.

NICHOLAS KIWI, Australian-based pharmaceuticals-to-shoe polish group, reported net profits up 30.4 per cent from A\$15.5m to A\$21.7m (\$18.9m).

SWISS Bank Corporation has taken over the Bodenkreditbank in Basel for SwFr 3.36m (\$1.78m).

PRIVATBANKEN, Denmark's third largest commercial bank, reported first-half profits up from Dkr 63m to Dkr 1.58m (\$160m).

Shultz calls Gromyko's 747 account 'preposterous'

BY PAUL BETTS AND DAVID WHITE IN MADRID

RELATIONS between Washington and Moscow deteriorated further yesterday after a two-hour meeting between Mr George Shultz, the U.S. Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister.

Mr Shultz, seeking a comprehensive explanation from Mr Gromyko of the shooting down of the South Korean Boeing 747, described the Soviet Minister's response as "even more unsatisfactory" than the response he gave during his address to the Conference on Security and Co-operation in Europe (CSCE) in Madrid yesterday.

The two men were meeting for the first time since the Boeing incident. Mr Shultz appeared unusually emotional after the meeting.

Calling Mr Gromyko's explanation "preposterous" and "totally unacceptable," he warned "this is not the end of the matter." Mr Shultz said: "In the days and weeks ahead, the U.S., along with others throughout the international community, will press hard for justice for the families of those murdered and safety and security for innocent travellers."

A special meeting of Nato allies was called late last night in Madrid to try to hammer out a quick and common response to Moscow.

The Kremlin alleges the plane was on a U.S. spy mission and that Soviet interceptors "cut short" its flight when the jumbo jet ignored warnings to land in Soviet territory.

More details are expected from the Soviet side today at a news conference to be given for Western reporters in Moscow by Chief of General Staff Nikolai Orgarkov.

Japan was told by Moscow yesterday that Soviet search vessels had found wreckage of the plane near Sakhalin Island and that further information would be passed on soon.

American officials said Mr Gromyko did not want to discuss the Korean incident when he met Mr Shultz, at the residence in Madrid of the U.S. ambassador.

Mr Gromyko had wanted to talk about arms control, U.S. officials said, and described his comments on this issue as "lengthy and stale."

Mr Shultz, they said, asked Mr Gromyko not only for an explanation of the incident but for agreement on steps to prevent such an episode ever recurring.

The U.S. official said Mr Gromyko had again sought to shift responsibility for the affair onto the

discussions on the subject would not be constructive. Mr Shultz decided the meeting should come to an end. The American officials explained.

The officials added that there had been no discussions of further talks between Mr Shultz and Mr Gromyko. They said the question of a meeting later this month between the two in New York for the opening of the UN General Assembly had not been addressed yesterday.

Despite the sharp worsening in relations between Moscow and Washington, U.S. officials were keen to emphasise that the issue was not just a U.S.-Soviet problem but an international matter. This is the line Western foreign ministers have been taking throughout the

Madrid meetings, suggesting that the West, including the U.S., is anxious to keep the East-West dialogue alive.

The White House was late yesterday expected to announce further unilateral countermeasures as part of President Ronald Reagan's "measured response" to the Soviet Union. It was not thought however that the U.S. would take major new economic or political sanctions.

The U.S. has been painstakingly trying to avoid another controversy with its allies on sanctions. But the Americans were lobbying hard last night to secure an agreement on action against Moscow before the end of the Madrid meeting today.

The main proposals due to be put

Continued on Page 16

Madrid conference, Page 2

Thomson and CGE close to assets accord

BY DAVID HOUSEGO IN PARIS

THOMSON-BRANDT and Compagnie Generale de l'Electricite (CGE), the two state-owned conglomerates of the French electronics industry, appear close to an agreement on a major rationalisation plan to concentrate and complement their activities.

Thomson would shed its loss-making communications division to concentrate on consumer electronics, components and military equipment. It would also sell its cable interests to CGE.

CGE would make over to Thomson what remains of its military division (mainly its Sintra subsidiary) and its interests in components and consumer electrical goods. It would focus its activities on telecommunications, electrical power equipment and information technology.

But the most controversial part of the accord - thrashed out in the summer between M Alain Gomez, chairman of Thomson, and M Georges Peberau, managing director of CGE - is a proposal to have off Thomson's telecommunications interests to a new holding company under CGE management.

The two electronics groups are apparently proposing that the state should pump cash into the company in which it would take a 50 per cent stake. Thomson would retain a 40 per cent interest leaving CGE with 10 per cent.

But in placing the company under CGE management the ultimate

goal would seem to be a merger of Thomson's communications activities with CIT-Alcatel, a subsidiary of CGE and manufacturer of the successful E10 digital telephone exchange.

Thomson has had serious problems in developing its own M2022 electronic exchange and the link if approved would pave the way for a single major French telephone company.

These far reaching changes, intended to strengthen the competitiveness of the French electronics and telecommunications industry when rival major international groups such as AT&T of the U.S. and Philips have been making important link-ups, have yet to be approved by the French Government. They would be reinforced by Thomson becoming a privileged supplier of components to CGE.

Yesterday the two companies declined to comment formally or were unavailable for comment. The Ministry of Industry said that reports of an accord were "without foundation."

Negotiations towards a redistribution of roles in the electronics and telecommunications sector appear to have sprung from the companies themselves, in spite of their being nationalised industries.

Since taking over as chairman in February last year, M Gomez has

German Lombard rate up by 1/2 point

By John Davies in Frankfurt

THE BUNDESBANK, West Germany's central bank, tightened its credit policy yesterday by increasing its Lombard rate from 5 per cent to 5.5 per cent.

The central bank said that it was acting to try to curb the growth of money supply, but also indicated it was anxious to stem a weakening of the D-Mark in foreign exchange markets.

The Austrian central bank yesterday also raised its Lombard rate from 4.25 per cent to 4.75 per cent, but the Swiss central bank ruled out any immediate decision to follow suit.

The Dutch central bank also raised its interest rates by 1/4 per cent. The discount rate was lifted to 5 per cent, the secured loan rate (equivalent to the Lombard rate) to 5.5 per cent and the promissory note rate to 6 per cent.

There has been speculation for weeks that the Bundesbank might toughen its credit policy stance because of the danger that excessive money supply growth and a weaker D-Mark might rekindle inflation.

The bank's monetary policy-making committee had refrained from lifting key interest rates at a meeting four weeks ago even though the dollar was particularly buoyant and showed further restraint a fortnight

Continued on Page 16

West LB study, Delors' views, Page 3; HK banks raise prime, Page 34

Westinghouse in UK search for Egypt N-bid aid

BY PETER BRUCE IN LONDON

SAMUEL MONTAGU, the British Merchant Bank, has been appointed by Westinghouse Electric of the U.S. to help to raise a large portion of the money needed to finance a \$2.4bn nuclear power plant it hopes to build in Egypt. The U.S. Export-Import Bank had previously rejected Westinghouse's approach.

The merchant bank, approached by Westinghouse three weeks ago, is now understood to be talking to the UK Government in an effort to win official support for the project and to arrange and export credit facility.

If Westinghouse wins the turnkey contract, orders of up to \$700m might be placed with UK companies supplying the nuclear industry.

Westinghouse, which is bidding for the contract with Mitsubishi Heavy Industries against Framatome of France, Kraftwerk Union of West Germany and Combustion Engineering of the U.S., has told the Government that UK companies will be taken on as exclusive partners if enough financial support is forthcoming for a successful bid.

Bids for the project, the construction of a 900,000 to 1m kilowatt pressurised water reactor at El Daba, on the coast west of Alexandria, have to be in by November 26.

Although Egypt is probably the second most important recipient of U.S. aid, next to Israel, the U.S. Export-Import Bank has also been mentioned as a possible source of finance.

In an effort to identify what equipment the UK could supply, Westinghouse is understood to have held preliminary talks with about 15 British companies, including GEC, NEI, the Wier Group, Babcock, Foster Wheeler and Davy Corporation.

The split Eximbank decision forced Westinghouse to turn to Mitsubishi, whose supply of turbine generators for the plant seems likely to win up to \$500m in official Japanese support.

Senior Westinghouse officials are expected to hold further talks with the UK Government in the next few days. They will tell ministers and officials that the level of UK financial support will directly influence the extent to which British companies will be allowed to participate in the bid.

At least one alternative source of financing, Italy, is known to have instructed its leading nuclear supply companies, including Ansaldo and Nuovo Pignone, not to bid with the Americans but to ally themselves to the French bid.

There are, however, companies in Germany, such as Deutsche Babcock, and France, not associated with existing bids, with which Westinghouse could work if their bid succeeds and if German and French government support is forthcoming.

Spain has also been mentioned as a possible source of finance.

There are, however, companies in Germany, such as Deutsche Babcock, and France, not associated with existing bids, with which Westinghouse could work if their bid succeeds and if German and French government support is forthcoming.

Spain has also been mentioned as a possible source of finance.

In an effort to identify what equipment the UK could supply, Westinghouse is understood to have held preliminary talks with about 15 British companies, including GEC, NEI, the Wier Group, Babcock, Foster Wheeler and Davy Corporation.

Sweden set to double sterling credit

By Peter Montagnon in London

SWEDEN was yesterday set to double to £500m (\$745m) the size of the credit it is raising from banks in the City of London. The loan has been heavily over-subscribed, even before general syndication has begun.

The credit, which was already the largest international operation in domestic sterling when it was launched 10 days ago at £250m by merchant bank Samuel Montagu, has attracted commitments from lead managers totalling nearly £800m. Bankers say this has revealed an unexpected depth to the growing market for such loans.

This has developed following last year's regulatory changes whereby local government authorities in the UK are no longer able to raise bank loans - they are now funded entirely by a government agency, the Public Works Loan Board. As the authorities repay their borrowings foreign banks particularly have found themselves flush with sterling when there are only limited lending opportunities.

Sweden has thus been able to attract about 50 lead managers for its credit, despite setting the interest margin at a low 1/4 per cent above money market rates for the first two years, rising to 1/2 per cent for up to a further 10.

Samuel Montagu said yesterday that interest in the loan has come from a broad spectrum of banks. Included among lead managers, who still have formally to approve the increase, is Central Trustee Savings Bank of the UK, which is not normally a major international lender and is committing £20m.

Another lead manager with a similar commitment is Deutsche Bank of West Germany, which is traditionally cautious about international loans carrying low margins.

"We knew we were going into uncharted water both with the size and the margin, but our view of the market proved to be right," said Mr Brian Woolley, a senior executive of Samuel Montagu, who has been co-ordinating responses to the credit.

More banks are expected to subscribe to the loan when it goes into general syndication shortly.

The Bank of England, Britain's central bank, is understood to be monitoring the development of the market, particularly since a sharp rise in capital exports could affect the exchange rate when Britain's balance of payments has moved in to deficit.

Capital markets, Page 34

Talbot UK back in profit after 10 years

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

PEUGEOT's British subsidiary, Talbot UK, made its first profit for 10 years in the first half of this year. Talbot, the smallest of Britain's "big four" car makers, made £1.5m (\$2.24m) net profit, against a £40.6m loss in the comparable period of 1982.

Mr George Turnbull, chairman, suggested yesterday that the result should make the French parent group better disposed towards further investment in its British subsidiary.

Mr Turnbull forecast that Talbot UK, formerly Chrysler UK, would operate profitably for the rest of the year.

Talbot's profit is mainly due to a turnaround in the contract to supply car kits based on the old Hillman Hunter to Iran, where they are made into the Leykan, that country's best-selling model.

Because of financing problems in Iran, only 35,000 kits were shipped from the Coventry plant last year and orders for spare parts also dried up. In the first half of this year Talbot shipped about 48,000

kits and received orders worth £12m for spares.

Mr Turnbull revealed that Iran had asked for 110,000 kits to be supplied in the year which ends in March 1984, compared with the break-even level of 50,000.

"There are still years of good business to be had from Iran," Mr Turnbull insisted.

Talbot has waited for some months to hear whether Peugeot will invest more cash in its factory to pave the way for a new model.

Talks about Talbot's future between Peugeot and the British Government will now be held in October or November.

Mr Turnbull said: "It is not a question of whether Peugeot will put more money in, but only of when and how much."

Mr Turnbull became chairman soon after Peugeot bought all Chrysler's European assets, including the UK business. He will leave when he has completed his five-year contract next April but insisted yesterday he will stay on until then.

New Bank scrutiny for London SE

By Alan Friedman in London

THE Bank of England, Britain's central bank, is planning to expand significantly its involvement in supervising the affairs of the London Stock Exchange.

In an interview with the Financial Times, Mr Robin Leigh-Pemberton, the Bank's Governor, said he sees a "very substantial monitoring role" for the Bank.

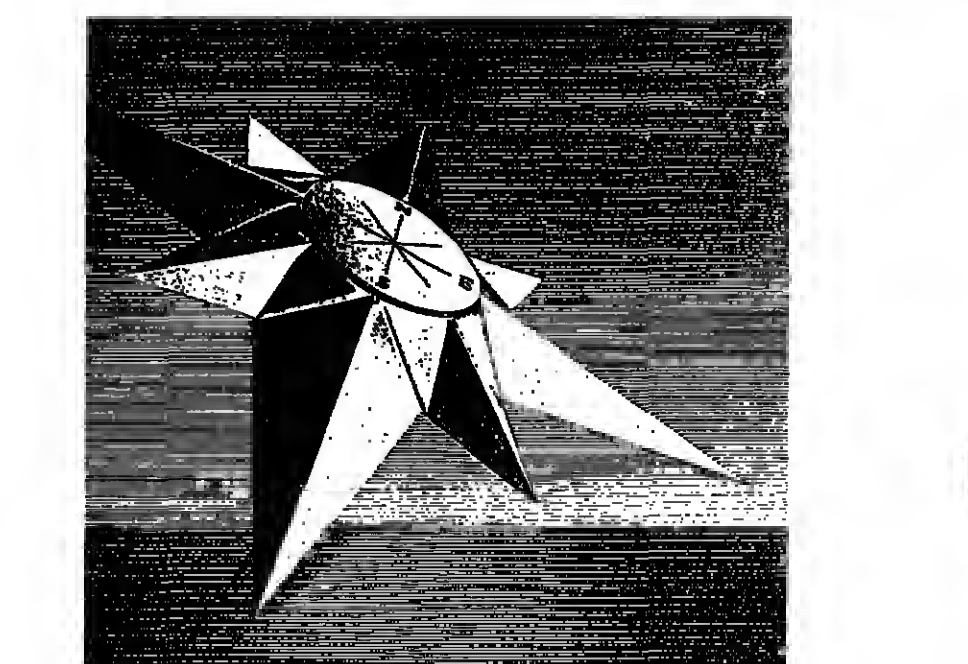
The role, which stems from proposed reforms of the stock exchange, will be "a major responsibility" for the Bank. The Governor made clear that he regards the Bank of England as "the right organisation to do this."

The Governor's statement comes six weeks after Mr Cecil Parkinson, UK Minister of Trade and Industry, told members of Parliament he would make arrangements for his own department and the Bank of England to work together on implementing key new measures, such as the abolition of the stock ex-

Continued on Page 16

Governor's day, Page 15

Only someone on the right course can help you with yours.



A universal bank has the right instruments to determine your exact position and help plot the best course to your goal. The coordinates of our branch system dot the globe.

Among our comprehensive services are time and notice deposits in all major currencies, short, medium and long-term loans (overdrafts, straight and roll-over loans, acceptance credits in E-stg, US \$, DM and other Eurocurrencies with special emphasis on trade finance and

forfeiting), placement and trading in foreign securities such as Eurobonds, convertibles etc., foreign exchange, and international portfolio management.

Whenever and wherever you encounter problems with complicated international financing, contact the Deutsche Bank.

We'll put your business on a proper course. Deutsche Bank AG, London Branch, 6 Bishopsgate, P.O. Box 441, London EC2P 2AT, Tel.: 283 4600

Deutsche Bank
A century of universal banking



CONTENTS

Europe	2, 3
Companies	17
America	4
Companies	17
Overseas	10, 11
Companies	17, 18
World Trade	7
Britain	12
Companies	20-22
Agriculture	32
Appointments	34
Arts - Reviews	13
World Guide	13
Commodities	32
Currencies	14
Editorial comment	14
Eurobonds	34

Euro-options	27
Financial futures	32
Gold	33
Intl. Capital Markets	34
Letters	15
Law	16
Lombard	15
Management	19
Market Movers	24
Men and Matters	21
Mining	14
Money Markets	33
Property advertising	6, 8, 12
Raw materials	32
Stock Markets - Bourser	23, 27
Wall Street	22-28
Technology	6
Unit Trusts	31
Weather	16

UK Trades Union Congress: all change at Blackpool	14
Bank of England: a day in the Governor's life	15
Technology: striking gold with genes	6
Nigeria: costly lessons of a \$500m dream	11
Editorial comment: UK politics; Gibraltar	14
Lombard: benefits of the Chrysler rescue	15
Lex: Hepworth Ceramic; AE and GKN; Sedgwick	16
France: Aerospatiale has to tighten its belt	17
Management: Sony's higher profile for design	19
Bermuda: Survey	Section IV

EUROPEAN NEWS

Gromyko offers dramatic end to Madrid conference

BY PAUL BETTS AND DAVID WHITE IN MADRID

"MADRID, capital of Detente," the Spanish daily newspaper El País alleged on top of five pages yesterday. But the words sounded somewhat hollow after the first day of the Foreign Ministers' meeting to mark the end of three long years of the Madrid Conference on Security and Co-operation in Europe.

It had been a day of waiting, both for Western Foreign Ministers and the legions of journalists gathered in Madrid's Palace of Congresses, guarded for the occasion like a bunker under heavy siege. Topping the hill of speakers for the first day was Mr Andrei Gromyko, the Soviet Foreign Minister, due to speak at testtime.

Before his much-awaited speech, a number of Foreign Ministers, including Sir Geoffrey Howe of the UK and Herr Hans-Dietrich Genscher of West Germany, had addressed the conference calling for explanations from Moscow about the shooting down of the South Korean Boeing 747.

The tone of the Western Ministers was firm, but there was broad consensus that the dialogue between East and West must continue. Sir Fernando Moran of Spain urged that the incident should not "allow the precious goal of detente to slip through our hands." Sir Geoffrey said an act of this nature was bound

to damage confidence in the East-West dialogue but that it equally underlined dramatically the need for that dialogue.

Finally, Mr Gromyko rose from the floor of the big modern conference hall, where he had sat not far from Mr George Shultz, his American counterpart. In his traditional dark suit, and showing no sign of emotion, he addressed the hushed hall. He began by defending the Soviet Union's record on the implementation of the Helsinki agreement. He defended the latest proposals on Euro-missiles from Mr Yuri Andropov, the Soviet leader, claiming it was still possible to reach agreement between Washington and Moscow on nuclear arms limitation in Europe.

And then, to the surprise of even the Americans, Mr Gromyko adopted an extremely hard line on the South Korean aircraft incident. Soviet leaders were "sacred," he warned. The Soviet Union was being slandered and there would be no apology or explanation as the West demanded.

The U.S. reaction was prompt. Mr Shultz walked out of the hall and a few minutes later said in a corridor to journalists that the Soviet statements implied that Moscow was ready to shoot down another aircraft. But despite the war of words

between the U.S. and Moscow, Mr Shultz and Mr Gromyko would meet in Madrid, although not for lunch as envisaged at one stage.

Behind the external posturing of the various parties, the threads of the dialogue between East and West have not been broken. Sir Geoffrey held a 45-minute private meeting with Mr Gromyko, who has been having talks with other Western Foreign Ministers and will be in Paris this weekend on his postponed working visit.

But while keeping the diplomatic communication lines open, the West has been struggling to find an adequate response to the Soviet action. The Americans, keen to win support from Western allies for some sanctions against Moscow before the end of the Madrid meeting today, have gone to great lengths to avoid the errors of the last Soviet sanctions fiasco. An official in the entourage of Mr Shultz remarked that any action should be collective. "We don't want to repeat the errors of the past," he said.

The divisions between the U.S. and its Western European allies on the issue of sanctions were reflected yesterday after a breakfast meeting between Mr Shultz and Herr Genscher. The West German Minister apparently told Mr Shultz any action at this stage should be

confined to what a West German aide called "political signals" and that this must be done on the broadest possible basis. Mr Shultz hurried to arrange a second meeting with the West German Minister yesterday to try to iron out differences.

According to Sir Geoffrey Howe, Western countries were considering a number of proposals which differed more in degree than in principle. These included restrictions on Western flights to the Soviet Union or on Aeroflot flights or both.

In any event, the South Korean aircraft crisis has eclipsed the conclusion of three painful years of at times acrimonious negotiations in Madrid. The last of a series of hold-ups, including an interruption of eight months after the military clampdown in Poland, was finally overcome within 12 hours of the start of the meeting.

Both the U.S. and Moscow are pleased with the final document of the Madrid Conference. The Soviet Union has won what it wanted, with a conference on disarmament due to begin in



Mr Gromyko (left) and Mr Shultz... confrontation

Stockholm in January. The U.S. believes the West has secured good concessions on human rights from the Eastern bloc, including an experts' meeting on human contacts which Moscow opposed for a long time.

By divine diplomatic providence, however, there will be no formal signing ceremony at the close of business in Madrid today, thus saving Mr Shultz and Mr Gromyko the embarrassment of signing a joint document on improved East-West relations at such a time.

France, UK likely to differ over EEC worker directive

BY JOHN WYLES IN BRUSSELS

BRITAIN and France are likely to find themselves at the opposing ends of the argument over the European Commission's first attempt to impose wide-ranging worker consultation requirements on multinational corporations, to judge by the responses now being worked out by EEC governments.

With the Commission's proposal—known as the Vredeling Directive—drawing at best a tepid and at worst an unsympathetic welcome from most other member states, it seems destined for a long shelf-life in the Council of Ministers.

This could mean years rather than months before it finds its way into Community law, if it ever does so.

A revised version of the directive, which first saw light of day in October 1980, was adopted by the Commission in late June. It moves on to another landmark next week with its first official level within the Council.

Employment Ministers are expected to look at it for the first time in a formal Council on December 8.

The differences between Britain and France will reflect the ideological complexion of their governments. While Paris is still fleshing out a detailed view, a French official confirmed yesterday that the Socialist Government's approach was on the whole "a positive one."

For the UK, however, Mr Norman Tebbit, the Employment Minister, has already made clear at an informal Community discussion 18 months ago, that the Government does not believe in extending employee rights through legislation.

Consultation and information procedures should be left for voluntary negotiation between employers and employees, the British say.

This will remain the basis of the British approach although it is unlikely that the UK will try to veto discussion at official level. It will want to see how much support it has among other governments and how energetically Greece, now occupying the Presidency of the Council, tries to push the work forward. For their part the Greeks expect to hand it on to the French presidency at the end of the year without much

progress having been made. First indications are that most governments find the proposal unappealing and disturbingly sensitive, both politically and economically. Neither Italy nor West Germany are hurrying to define a position for next week's meeting—a tactic which ensures that very little progress will be possible.

As is also the case with Denmark and the Netherlands, both countries already have legislation in place that requires a measure of worker consultation, but neither is keen to erect a more far-reaching EEC-wide system for multinationals which might have knock-on effects for domestic legislation.

Moreover, the Centre-Right now controls governments in West Germany, the Benelux, Denmark and Ireland, where Ministers are more sensitive to the outright opposition to the directive from their national business organisations.

These are determined to try to kill the proposal which they claim would impose a costly administrative burden and an unacceptable limitation on management's right to manage.

Japan's Keidanren has also raised its voice in opposition, but not as loudly as a number of U.S. business lobbies which are expected to launch a new public broadside against the directive before the end of the month. They will stress that the directives could frighten U.S. investment away from the EEC.

Business remains unappeased by the success of moves to soften the proposal before its final adoption by the Commission. U.S. lobbyists claim that it is now in some ways worse because of two new clauses inserted by Mr Ivor Richard, the Social Affairs Commissioner.

The first would require multinational headquarters to send out to employees, all information provided to shareholders and creditors which updates the information on the company's affairs to be provided to employees annually.

This means that the quarterly reports produced by most U.S. multinationals would become material for information and consultation in Europe.

The second controversial move by the Commission was to include a clause which appears to undermine the directive's permission to withhold secret information from employees.

Italy's Christian Democrat chief to face party critics

BY RUPERT CORNWELL IN ROME

SIG GIORGIO De Mita, the Christian Democrat leader, this weekend faces the task of fending off what is likely to prove serious criticism from within his own party over its unprecedented reverse in the June General election here.

Sig De Mita yesterday promised at a Press conference ahead of an important party gathering at Fiuggi this weekend, that he would not be deflected from his strategy of "renewal"—despite the fact that barely a year after he took office, the Christian Democrats saw their share of the popular vote tumble from over 38 per cent to 32.9 per cent—a massive setback in Italian political terms.

His determination is, however, unlikely to defuse the discontent widely expressed in Christian Democrat ranks at his advocacy of "rigour" and a radical overhaul in the workings of the party was at least partly responsible for the June defeat.

The battle now appears to be coalescing into an argument over the date of the forthcoming National Party Congress, which would naturally fall due in the spring of 1984.

Sig De Mita did not conceal yesterday his view that the congress should be brought forward, an attitude which his opponents believe reflects a desire to have his own leadership swiftly rubber-stamped, allowing his thus far unorganised forces little time to group their forces.

For that reason, his critics would like the congress, which now directly elects the Party Secretary, or leader, to be held at the appointed time.

Any new congress could easily see a repeat of the confrontation between Sig De Mita and Sig Arnaldo Forlani—currently Deputy Prime Minister in the Socialist-led Government of Sig Bettino Craxi— which the former won at the last congress in the spring of 1982.

Thus far internal tensions among the Christian Democrats are showing no sign of spilling over into the Government—as they have often done in the past.

But those with little motive to be grateful to Sig De Mita include some prominent figures as Sig Amintore Fanfani, the former Prime Minister, and Sig Emilio Colombo, Foreign Minister for over three years until last month.

THE PEOPLE of Pozzuoli, on the outskirts of Naples, are abandoning their city. Some 12,000-15,000 of the city's 78,000 inhabitants have voluntarily left their homes in the last few days, driven out by fear and damage caused by repeated earth tremors.

They have moved into tents erected by the Italian Army, into caravans, schools, hotels, holiday flats and into the homes of friends and relatives. And they have no idea when they are likely to return.

Since the beginning of this year, Pozzuoli, a fishing harbour and ferry port opposite the islands of Ischia and Procida in the Bay of Naples, has been subjected to more than 2,000 earth tremors—six alone on Wednesday.

Although usually of fairly low intensity on the Richter Scale, their cumulative effect has been to damage homes, some to the point at which they are no longer habitable, throw people out of bed in the middle of the night, and create a climate of fear that a major earthquake, like that which killed nearly 3,000 people in this part of Italy

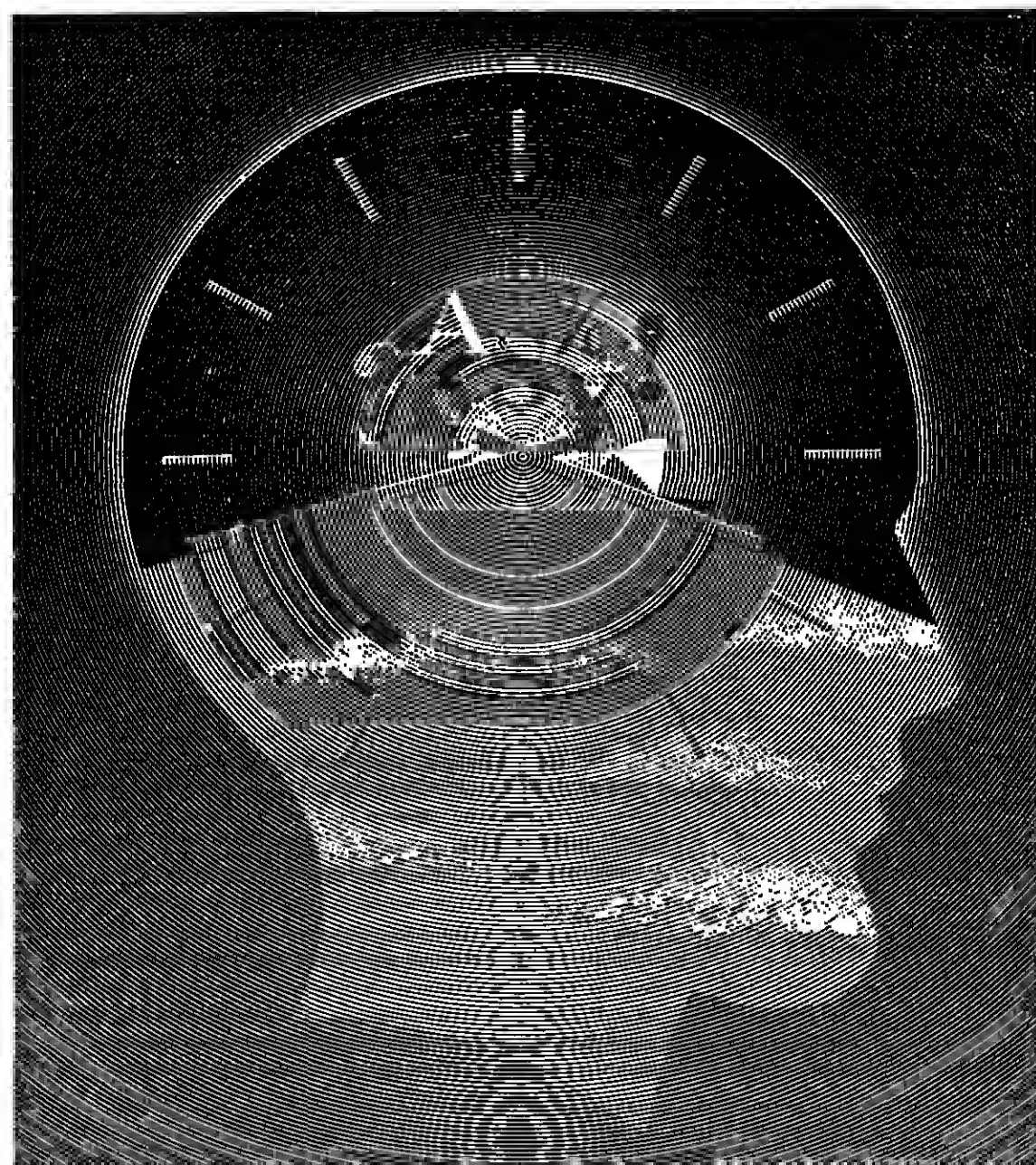
in 1980, will occur. The cause of the tremors, known to Seismologists as "slow earthquake," is thought to be the accelerated movement of lava 8,000 ft down in the supposedly extinct volcano of Solfatara.

Though other scientists are more reassuring, Prof Giuseppe Luongo, director of the observatory on the nearby volcano of Vesuvius, said this week that all the signs pointed to an eruption likely to hit the old part of the city.

But he added: "One cannot say when the eruption will happen, in months, perhaps even years. The phenomenon is not receding and this is worrying. I would say: be on guard."

The professor's remarks are no comfort both for the Government, which has been attacked for moving slowly on what seems an intractable problem.

FINANCIAL TIMES, USPS No. 190620, published daily except Sundays and holidays at a subscription rate of \$420.00 per annum. Second class postage paid at New York NY and at additional mailing offices. POSTMASTER: send address changes to: FINANCIAL TIMES, 75 Rockefeller Plaza, NY, NY 10019.



**You're missing
the thinking time you really need.
We can help.**

We can't expand time, but we can help you make optimum use of it.

Your Royal Banker can quickly marshal the best thinking of an expert team, tailored to your special needs. We'll provide depth of thought from imaginative and productive thinkers who respond with creative solutions that can only come from professional minds working together.

INTERNATIONAL
MONEY MARKETS

Our specialists are located in major markets around the world. They're competitive and responsive

in almost any combination of scale, term and currency.

WORLD TRADE

We can give you access to trade finance specialists located in strategic trading centres around the world. They can provide you with trade contacts and market intelligence as well as state-of-the-art financial services, to help make both ends of your import and export deals go smoothly.

ENERGY FINANCING

We offer industry expertise second to none, provided by one of the largest and most sophisticated

technical groups anywhere in international banking.

MERCHANT
BANKING

As one of the world's leading merchant banks, Orion Royal can offer you proven innovative thinking in corporate finance and substantial placing power in international capital markets.

Give us the challenge. We'll use our minds imaginatively; our global network effectively; and your time productively.



THE ROYAL BANK OF CANADA

Assets: US \$72.0 billion. Network: more than 1500 branches worldwide; 210 operating units in 46 countries; 44 subsidiaries and affiliates; over 3000 correspondent relationships in Europe and the Middle East. London, Paris, Brussels, Geneva, Frankfurt, Hamburg, Düsseldorf, Dortmund, Madrid, Beirut, Cairo, Bahrain, Dubai.

EUROPEAN NEWS

CALL FOR STABLER INTERNATIONAL MONETARY SYSTEM

Delors urges pressure on U.S.

BY DAVID HOUSEGO IN PARIS

M. JACQUES DELORS, the French Finance Minister, advocates concerted European pressure on the U.S. to secure a stabler international monetary system in an article published in *Le Monde* yesterday.

M. Delors' paper—the fruit of a summer holiday's reflection on international monetary problems—is timed to influence both this weekend's meeting of EEC Finance Ministers in Athens and the International Monetary Fund meeting at the end of the month.

His comments should also be read in the light of France taking over the EEC presidency at the beginning of next year—an occasion that M. Delors intends to use for pressing for stronger monetary co-operation within Europe.

M. Delors makes clear his impatience with the inadequacy of recent U.S. intervention to help

smooth out the excessive fluctuations of the dollar.

He criticises the U.S. because the size and scale of their interventions were less than those of the European central banks. But he says he remains convinced that intervention can be useful.

On the wider issues of international monetary stability and the debt crisis M. Delors says that governments have so far been performing the role of firemen. But he doubts whether this is enough and believes the turn of the architects has come.

He believes common action is needed on at least three fronts and thinks that Europe can exercise pressure on the U.S. to this end. These three fronts are:

● A revival of growth amongst developing countries that will ensure them a real rate of growth of GNP in excess of real

interest rates. He says the clue to this lies in a fall in interest rates and a pick up in world commerce.

● A distribution of Special Drawing Rights to developing countries to strengthen their liquidities.

● A greater co-ordination in the financing and adjustment plans demanded of developing countries in the payment of their debts.

M. Delors also reiterates his belief in the need for a diversification of reserve currencies outside the dollar. He says Europe should be ready to propose SDRs, the ECU and the Yen, with the Japanese now assuming responsibilities commensurate with their economic power.

M. Delors says that Europe has increasingly the strength to speak with a single powerful voice. Its currencies are linked



M. Jacques Delors

through the EMS, it holds a third of the world's reserves, and the ECU is playing an increasingly important role

Greece and U.S. sign defence agreement

By Our Athens Correspondent

GREECE and the U.S. yesterday signed a new defence and economic co-operation agreement (DECA) in Athens which will extend the operation of the four major U.S. bases on Greek soil for at least five years.

The agreement was reached after tough negotiations with the Greek Socialist Government elected two years ago on the pledge of setting a fixed timetable for dismantling the bases.

The English text of the agreement was finalised on July 15. Since then Athens and Washington have been locked in controversy over the Greek phrasing of sensitive clauses dealing with the duration and the options for termination of the agreement.

The precise terms will only become known with the release of the Greek and English texts scheduled for today. It is understood, however, that either side may renounce the agreement which has a five-year duration shortly before the termination date.

Danish Premier sees survival hopes rise

DENMARK'S four-party non-Socialist minority coalition, which celebrates its first anniversary in office on Saturday, improved its prospects of surviving for another year with a political deal.

The Government secured the agreement of the social-liberal Radical Party and the anti-tax Progress Party to a cut in the central government grant to local councils next year in a vote taking place today.

Earlier, the Progress Party was threatening to bring down the government, but it changed its mind when Prime Minister Poul Schlüter conceded a small increase in the minimum income on which income tax will be payable in 1984.

Mr Schlüter said he expected that the effects of this agreement "will spread right through the autumn."

The Progress Party, four of whose 16 members of the Folketing (parliament) have resigned from the party recently, was deeply divided over its attitude to the government.

Sharp split emerges as Irish back abortion ban

BY BRENDAN KEENAN IN DUBLIN

A SHARP split between urban and rural voters emerged in the results of the Irish Republic's referendum to impose a constitutional ban on abortion.

Rural constituencies voted by over 4-1 in favour of the ban but the results were much closer in Dublin, with at least four constituencies voting against the proposal.

Overall, the amendment was carried easily with a majority of over 2-1. However, half of the electorate did not bother to vote, as compared with general election turnouts of over 70 per cent.

One of the biggest majorities against the proposal was

recorded in the south Dublin constituency of Dr Garrett FitzGerald, the Prime Minister, who himself opposed the amendment.

There is some consolation for Dr FitzGerald in the results. Under his leadership, his Fine Gael party has replaced the opposition Fianna Fail as the major party in Dublin. It is clear that voters in four constituencies supported the premier's stance.

He will still face criticisms from more conservative, rural based members of the party. A former minister, Mr. Tom O'Donnell, said the parliamentary party would have to dis-

cuss the basic direction in which Fine Gael was moving under Dr FitzGerald's leadership.

There were early attempts to heal the divisions caused by the referendum debate, particularly between the Roman Catholic and Protestant Churches. The Anglican Church of Ireland called for restraint and the rebuilding of bridges in the wake of the referendum.

However, one senior Church of Ireland clergyman said there was now a sectarian clause in the Irish constitution and Ulster Protestants would be convinced that "home rule was Rome rule."

Poland still at odds with Church

BY CHRISTOPHER BOBINSKI IN WARSAW

A STRONGLY WORDED attack against the Vatican Osservatore Romano newspaper in the Polish Government daily shows that tensions are still frayed in relations between the church and the state here.

The attack, signed Osservatore, which denotes an official stance, appeared just before the Polish Prime Minister, Cardinal Józef Glemp, is due to travel to Vienna today to accompany the Pope on his three-day visit to Austria starting tomorrow.

In effect, Rzeczpospolita, criticising an article published in the Vatican newspaper on August 30, implies that the Vatican is following U.S. policy in demanding that the authorities talk to "the anti-Socialist opposition."

However, earlier this week, Mr. Jerzy Urban, the Government spokesman, denied there was a crisis in church-state relations and said that "differences of opinion were a

normal thing."

The statement, which suggests that the authorities are not contemplating an all-out offensive against the church, came a few days after the return to his post of Mr. Kazimierz Barcikowski, the senior party leader responsible for relations with the church.

The return of Mr. Barcikowski, who is noted for his pragmatic approach could well bring an underlying improvement in relations.

East-West German ties improve

BY LESLIE COLT IN BERLIN

RELATIONS BETWEEN East and West Germany have attained a rare degree of warmth, despite the bitter verbal warfare between their respective allies in Moscow and Washington.

West German officials say this development must be seen in connection with a DM1bn (£222m) loan made in July to East Germany by 24 West German banks and guaranteed by the Bonn Government.

East Germany used the loan to pay off part of its estimated \$4bn in debts due this year to Western creditors. But East Berlin apparently needs more loans if it is to avoid sharp reductions in supplies to its own population, as a result of its

financial squeeze.

All this apparently explains why the normally stern East German border controllers at the frontier to West Berlin and West Germany are smiling these days and being particularly helpful to Westerners.

When Herr Franz-Josef Strauss, the ultra-conservative Prime Minister of Bavaria, was in East Germany in July, a number of East Germans handed him letters imploring his help in leaving the country.

They have since been expedited to West Germany in record time, along with other East Germans, who telephoned West German newspapers last month to speak of their plight.

the Leipzig Fair, a beaming Herr Honecker, the East German leader, told Western correspondents that relations were "on an ascending line."

In an unusual move, East Germany's main newspaper, Neues Deutschland, the following day quoted West Germany's permanent representative to East Germany as telling Herr Honecker that "travel and visits" between the two countries should also become a firm component of their relations.

West German officials saw this as a hint that East Germany might be prepared to allow more of its citizens below retirement age to visit West Germany.

West LB challenges interest rate policy

BY JONATHAN CARR IN BONN

A LEADING West German bank has strongly challenged the often-expressed view that the level of German interest rates is "slavishly dependent" on the level of those in the U.S.

According to Westdeutsche Landesbank (West LB), D-mark rates have had more room for manoeuvre against dollar rates than is generally realised, and should win still more independence in future.

The West LB study was released yesterday—just before the Bundesbank raised the Lombard rate by 0.5 per cent

to 5.5 per cent, partly to help strengthen the D-mark against the dollar.

At first sight the Bundesbank's action might seem to weaken West LB's argument that German interest rates are not "made in the U.S.A." — but it does not wholly undermine it.

The bank agrees that German rates tend to follow the general trend of U.S. ones, but the experience of the past few years shows the gap between the two has often been quite wide.

West LB notes, for example, that since the start of 1981, the

difference between the interest rates on long-term bonds in the U.S. and those in Germany has fluctuated by between 2.5 per cent and 5 per cent. The difference in money market rates has been still more marked.

The bank stresses that the more the market believed in a revaluation upwards of the D-mark in the foreseeable future, the more German interest rates can be kept relatively low against U.S. ones.

This belief, West LB says, depends crucially on the strength of Germany's overall economic performance — even

though much public talk at present about interest rates ignored the "economic fundamentals" altogether.

Looking ahead, the bank sees little chance of much greater independence of U.S. rates in the next few months, but it feels the prospects are good in the medium term.

It believes the West German inflation rate, at below 3 per cent next year, will tend to be below the U.S. one. It notes that the German current account will be in clear surplus this year and next, while the U.S. is heading for record deficit.

EEC ministers seek nominee for IMF post

BY JOHN WYLES IN BRUSSELS

EEC FINANCE Ministers are expected to select a nominee from their ranks this weekend for the key post of chairman of the interim committee of the International Monetary Fund.

An informal gathering on the Greek island of Kefallonia is the Ministers' last chance to discuss who should fill the IMF job before the interim committee meets on September 25.

The vacancy has been created by Sir Geoffrey Howe's move

from the UK Treasury to the Foreign Office and since no other countries are putting up candidates, it is left to the EEC to find the man.

The two front runners appear to be Mr. Willy de Clercq of Belgium and Mr. Otto Ruding, the Dutch Finance Minister. Mr. de Clercq has done the job before in 1976-77 and since he has enjoyed the prestige once, his colleagues may now want to bestow it elsewhere.

In time-honoured tradition, neither candidate is appearing at all anxious to have the job.

The weekend's discussions, at which most EEC central bankers will also be present, are also likely to focus on other issues coming up at the annual meeting of the World Bank.

The Ten have not yet evolved a common position on the volume of IMF aid which can be granted to individual countries once the proposed 50 per cent

increase in quota subscriptions comes into force.

West Germany appears to be backing the U.S. line that quota increases should not mean greater cash aid than at present and that the maximum entitlement should be fixed at 102 per cent of the new country quotas.

Most other EEC countries want to do more to accommodate the less-developed countries' pressure for a 150 per cent entitlement.

Without the efforts of people like Toshiba, it is estimated that the earth's known energy resources

The experts may quibble on the exact date. But there's one thing all of them agree upon.

The absolute need to find alternative energy sources. And to conserve existing reserves.

At Toshiba we share this view. In fact we feel so strongly about

the subject we've made it the cornerstone of just about everything we do.

The four giant generators we supplied for a new hydro-electric plant on Ghana's Volta river are a good example.

The Volta river had no natural

waterfall at this point, nor the possibility of an artificial one.

Therefore our engineers (helped by the Boving Company who supplied the turbines) developed an ingenious scheme that used the river's natural flow.

As a result there is plenty of

electricity for local needs.

Enough left over for sale to neighbouring countries.

And the reassuring thought that while Toshiba continue to search for even better ways of using energy, your hopes for the future needn't fade.

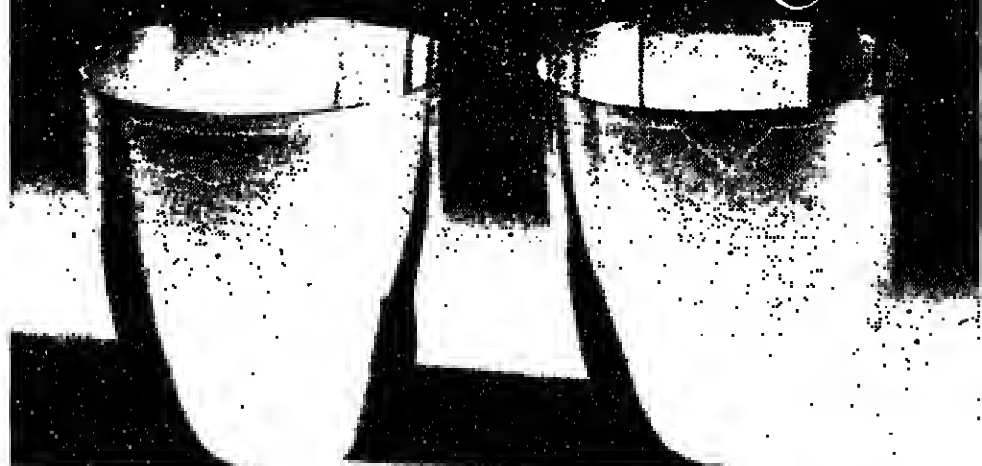
In Touch with Tomorrow

TOSHIBA

Toshiba International Co. Ltd., Audrey House, Ely Place, London EC1. Telephone: 01-242 7295. Telex: 265082.

AMERICAN NEWS

There's a dramatic improvement in the crucible on the right.



On the face of it, these platinum crucibles look identical, yet the one on the right is a major innovation.

It is made from a new material called TRIM[®], which consists of a sandwich of zirconia grain stabilised (ZGS) platinum with a core of palladium.

The ZGS platinum outer layers have a high resistance to grain growth, contamination and deformation even at temperatures as high as 1300°C. Yet the palladium core is approximately half the density of platinum and approximately one third of the cost. The result is a saving of up to 50% of the intrinsic metal value. With this dramatic reduction in cost, imagine the effect TRIM could have on your budget for analytical equipment.

The dramatic improvement

Send for brochure to:
J.D. Burrell, Noble Metals Group,
Johnson Matthey Metals Ltd.,
South View, Exhibition Grounds,
Wembley, HA9 0HW, England.

Name/Position

Company

Address

Postcode

Telephone

Fax

Telex

Telefax

Teletype

Telegraph

Teleprinter

Telemail

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Telefax

Brazilian credit needs revised

BY ANDREW WHITLEY IN RIO DE JANEIRO AND PETER MONTAGNON IN LONDON

WESTERN GOVERNMENTS and banks are now working on the basis that Brazil will need about \$11bn (£7.3bn) in new external finance between now and the end of 1984, about \$1bn more than previously anticipated.

The country's needs have been revised upwards because of a shortfall in private supplier credits and lower inflows of direct private investment. Western creditors are expected to discuss the new requirements at meetings in Paris, Basle and New York next week but commitments on new money are unlikely to emerge before Brazil reaches agreement with the International Monetary Fund.

One possible breakdown of the new financing needs now being considered by governments would involve a \$2bn rescheduling of official export credits, \$2bn in new government loans and \$7bn in fresh commercial bank credits.

Bankers who follow Brazil say, however, that even this breakdown remains very flexible and has not been fully discussed by the Advisory Committee of creditor banks, chaired by Citibank, which is due to meet in New York in the first half of next week.

The committee believes that the maximum that could be raised by the banks is closer to \$6bn than \$7bn.

One problem that is now emerging for the talks is that creditors are insisting on Brazil signing its International Monetary Fund programme before they make any commitments even in principle.

Brazil for its part would like commitments from Western creditors as a *quid pro quo* for accepting the IMF medicine. Beyond that, governments are still very vague about the form which the new money credits should take. A meeting of government creditors in Paris next week is expected to begin discussions on rescheduling about \$1.5bn in interest and principal owed by Brazil up until the end of 1984, but this will be a much less complex

task than deciding on the \$2bn in new credits.

Many governments are legally hindered from extending medium-term cash credits to other governments, and this question is likely to be discussed by central bank governors at their monthly meeting in Basle on Monday.

In a change of tactic, Brazilian officials have this week begun to drop their sense of urgency on the IMF talks, but bank creditors warn that speed is still vital if lenders' confidence is to be maintained. They are now looking to the IMF annual meeting at the end of this month as a deadline for a solution to the present crisis.

US blocks Latin American debt proposals

BY WILLIAM CHISLETT

THE U.S. yesterday succeeded in toning down a set of radical proposals to ease the region's crippling \$300bn (£200bn) foreign debt.

A consensus document was approved by the countries attending the special debt conference in Caracas convened by the Organisation of American States.

The U.S. promised to study ways to help the region overcome its debt crisis but refused to go along with any specific policy proposals.

Increased lending by international financial institutions and the removal of trade barriers will be considered.

The Latin American countries backed down from their two main proposals after the 12-member U.S. delegation doggedly stuck to its guns and said it would not commit itself to any policy changes.

The Latin American countries tried to get the U.S. to agree to expand the role of the Inter-

national Monetary Fund's compensatory financing facility, which grants funds to countries whose exports have been adversely affected by falling world prices. They wanted this facility to be widened to cover increased debt service payments caused by higher international interest rates.

The U.S. also balked at the idea that it completely revise its policy of "graduating" the exports of developing nations. Exports entering the U.S. are given special tariff treatment according to a country's level of economic development.

Latin American countries disputed the means by which their exports are taken off the list of preferential treatment once their country obtains a certain level of development.

These were the two main proposals which kept on being put forward. Others like an immediate increase of almost \$18bn in the IMF's special drawing rights, were quickly dropped

after tough U.S. resistance.

Despite the differences of opinion over how to tackle the debt crisis which has plunged Latin America into its worst recession in 50 years the atmosphere of the conference was remarkably calm.

Senior U.S. treasury officials said they had been expecting a rougher ride but that no aggressive speeches were given. "The guidelines we now have are so bland that even the commercial banks would put their signature to them," said one official.

The idea of forming the much-feared "debtors club" which had been put forward by some radical Latin American politicians, was not on the agenda of discussions. U.S. officials said the project of a joint approach to negotiate better repayment terms never came up.

Bankers, who are becoming increasingly worried by Latin America's inability to service its debts, were not in evidence

at the conference apart from Mr Patrick Blake, a vice-president of Chase Manhattan Bank. He was among the special guests.

Scottish bank expands in U.S.

THE BANK of Scotland is to open a representative office in Chicago this autumn which will concentrate on corporate business in the mid-west. It will be run by Mr David Hunter, currently a vice-president at the bank's North American headquarters in New York.

The Bank of Scotland first opened up in the U.S. in 1972 when it set up a representative office in Houston as a logical development of its involvement in North Sea oil financing. It also has another representative office in Los Angeles.

Chilean general appeals for calm

SANTIAGO's new chief administrator, Brigadier General Roberto Guillard, made a television appeal for calm yesterday and urged people to spurn calls for violence during the fifth day of protest called by the Chilean opposition against the military government of President Augusto Pinochet.

On Wednesday night, Chilean security forces killed five suspected urban guerrillas apparently involved in last week's murder of Santiago's chief administrator, General Carlos Urzua, police said. Four men and one woman were killed in two separate gunbattles.

Sr Gabriel Valdes, president of the Democratic Alliance of political parties which organised yesterday's protest, called on demonstrators and police to make sure it was peaceful and avoid more deaths. A total of 22 people died in the four previous protests.

Sr Valdes, a former foreign minister, also criticised Sr Sergio Jaraa, Interior Minister, for suggesting civilians should prepare to defend themselves against violence. He said that the previous violence had been caused mainly by security forces.

The Democratic Alliance has urged Chileans to heat cooking pots from the windows of their homes for an hour in the evening in a peaceful protest against General Pinochet's authoritarian rule. Yesterday police said they arrested 80 people on Wednesday and 43 on Tuesday. Agencies

MANOEUVRES IN HONDURAS

Behind the warpaint, a tough task for the U.S.

BY TIM COONE IN TEGUCIGALPA

THE GREEN camouflage paint smeared on the cheeks of a new battalion of Salvadoran soldiers did not hide the fact that most of them were young teenagers. The "Arce" battalion, named after an illustrious past Salvadoran general, is the first to complete a six-week training programme run by U.S. special forces in Honduras.

One of the American trainers, a colonel with experience in Vietnam and Cambodia said that most of the recruits had been picked up off the streets of San Salvador. Some were as young as 14—the average age was 17. Although the NCOs and officers were some of the colonel said, some of the 1,000 new recruits in the battalion would probably go off to join best he had come across, the guerrillas when they returned to their home country next week.

The U.S. army faces a difficult task in trying to support a demoralised and weakened Salvadoran army against on "guerrilla" assault. The Sandinista Government in Nicaragua from getting involved in alleged subversive activities in the region.

Mr Caspar Weinberger, the U.S. Defence Secretary, is at present on tour in the region, was due to give a rallying speech at the passing-out parade of the teenage battalion yesterday. According to Pentagon officials, the main purpose of Mr Weinberger's 24-hour visit to Honduras was to inspect some of the new U.S. military installations that have sprung up in the past two weeks.

These are the bases for the six-month-long manoeuvres which began last month. At the peak of the manoeuvres in November, more than 5,000 U.S. troops will be in Honduras, and there are strong possibilities that many may stay longer than the planned six months.

One U.S. army sergeant, another Vietnam veteran, said: "I think we are going to see something like we did in Sinai, with troops coming on six-month rotations. The infrastructure we're setting up here is too big just to leave after the manoeuvres."

An artillery battalion, attached to the elite 101st Airborne Division, has set itself up about five miles away from the military training centre in Trujillo, northern Honduras. Wooden military barracks have been built, a refuelling site for helicopters established and training for the U.S. troops has begun.

The battalion commander, Col Tom Swain, said that his

Opponents of Nicaragua's left-wing leadership launched a rocket attack on airforce installations in Managua yesterday, Reuters reports.

Sr Luis Carrion, the Deputy Minister of the Interior said a Cessna aircraft coming from Costa Rica fired two rockets at the military air base adjacent to the airport, damaging buildings and a number of aircraft.

Hit by anti-aircraft fire, the plane veered and crashed, killing the pilot and co-pilot. Civilian passengers waiting to check in for the day's first flights said the control tower was set ablaze.

An official of the Nicaraguan right-wing guerrilla organisation, the FDN (Nicaraguan Democratic Forces, said the FDN had not claimed responsibility for the bomb attack at the airport.

400 troops would be in Honduras for six months, during which "We will improve our capability for operating in this type of region, as well as train units of the Honduran army."

His battalion is on permanent alert, making it capable of being moved anywhere in the world on 18 hours' notice. Other U.S. units now in Honduras are a 30-helicopter transport aviation battalion, a 250-strong medical team, a 600-man engineering battalion and units specialising in air attack guidance, and radar station operation. A second special forces unit will train Honduran troops in the south of the country. In November 2,000 marines are scheduled to make a landing at Trujillo.

Mr Weinberger announced in Panama earlier this week that the training centre will remain in Honduras until the situation in El Salvador stabilises. However, Sr Temis Ramirez, a rancher and prominent businessman in northern Honduras who has lost 7,000 acres of land to the centre (he is pursuing a claim for compensation through the U.S. courts) said: "I am pessimistic. I think it's going to be permanent."

Close to his home work has started on installation at Puerto Castillo, a banana port where a corruption scandal stopped development 18 months ago. New warehouses have now gone up, large oil tanks have been built on the dockside and a U.S. naval vessel is tied up alongside. To the locals it looks very like the beginnings of a naval base.

Peron 'will return when civilian rule restored'

MADRID — Ex-Argentine President Maria Estela Peron has broken months of silence on her intentions and declared that she does not want to return home until civilian rule is restored, officials close to her said here yesterday.

Sra Peron would only break her resolve to return to Buenos Aires before the end of the military dictatorship if her pre-

sence was deemed absolutely necessary for the Peronists to win the October elections.

Sra Peron, who was ousted by the military in 1976 and came to live in Spain in 1981, said she did not want to make any political declarations until the Argentine armed forces had returned to the barracks. Reuter

"There is probably no corporation more prepared for the challenge of the 80's than Union Carbide."

—Warren M. Anderson
Chairman of the Board

And 138,000 shareholders are urging us on...

The last recession was harder on some companies than others. At Union Carbide, we began preparing for the demands of a tough new business environment more than five years ago. As a result, today we're a lean, alert organization, ready to make the most of our innovative technology, efficient production, and strong positions in significant markets around the globe.

We are No. 1—or fast moving to become No. 1—in a wide range of businesses central to the world economy. Businesses like polyethylene, industrial gases, and graphite electrode systems. Yet almost half our sales are in consumer and specialty areas—including fast-growing service businesses that deliver our technological know-how whenever and wherever it is needed.

Look at Union Carbide and you see a leader, ready to pick up the pace. That's why few companies are better prepared to succeed in today's business environment. And why more than 138,000 shareholders have taken a stake in our future.

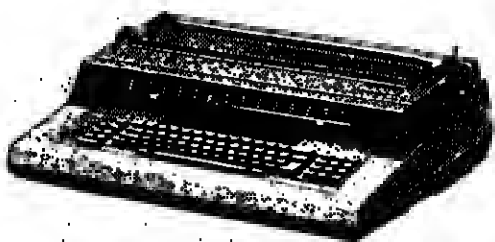
UNION
CARBIDE

For a copy of our annual report, write or call us at the address below.

Union Carbide Corporation, c/o Harlan & Associates AG
Stockerstrasse 38 • 8002 Zurich • Switzerland
Telephone (01) 201 40 90 • Telex 52603 cm ch

1234567890
 ABCDEFGHIJKLMNOPQRSTUVWXYZ.
 abcdefghijklmnopqrstuvwxyz
 £\$%^&'()*<>~@!+*?²³µ½¾
 _-|'"/:;.,

103 FASCINATING CHARACTERS YOU COULD ONLY MEET ON A SHARP ZX 500.



Today, the speed at which your business operates depends not simply on the quality of your staff, but on the technology you place at their disposal.

That's why Sharp created the extraordinary new ZX 500 electronic typewriter. The ultimate machine for setting words on paper. With the least wear and tear to your delighted secretary.

The ZX 500 comes with a choice of elegant typefaces. With a special Sharp daisy wheel that carries 103 characters in a unique arrangement of the most often used business, legal, technical

and multilingual characters.

It has a 2-colour display, showing 32 characters. So you can see what you've typed, line by line. And correct for style, mistakes or spacing before committing it to paper.

Plus, it has a built-in memory of 1,024 characters, which can be used to store lists, addresses, letters or often-repeated phrases, any of which can be instantly recalled and automatically typed at the touch of a button. And this memory can actually be extended to 9,000 or even 17,000 characters by adding extra memory units.

The ZX 500. One of the many ways Sharp help you to care for your staff.

With business machines that put people first.

Sharp Electronics (UK) Ltd.,
 Business Equipment Division,
 Sharp House, Thorp Road, Newton Heath,
 Manchester M10 9BE.
 Telephone: 061-205 2333

Please tick as appropriate for further details:
☐ Electronic Typewriters ☐ Computers ☐ Copiers
☐ Electronic Cash Registers ☐ Calculators

Name: _____
 Company: _____
 Position: _____
 Address: _____

 Tel. No: _____

The world of
SHARP
 where great ideas come to life.



TECHNOLOGY

EDITED BY ALAN CANE

BIOTECHNOLOGY INVESTMENTS' LATEST REPORT HIGHLIGHTS AN IMPRESSIVE PORTFOLIO DATA STORAGE

Blue chip genes promise high returns

BY DAVID FISHLOCK, SCIENCE EDITOR

"OUR INTENTION is to seek a much higher than average return on the unquoted part of your portfolio within a three to seven-year time-scale," Lord Rothschild says in the second annual report of Biotechnology Investments. His report suggests that it is making good progress indeed, it reads like a catalogue of the "blue chip" end of the spectrum of new biotechnology companies which have blossomed in the past few years.

Increase

With two-thirds of the \$61m fund now invested, almost equally in quoted and unquoted biotechnology companies, it is showing a 25 per cent increase in net asset value per share on the year, and 35 per cent over two years.

Biotechnology Investments, set up on the initiative of Lord Rothschild, as an offshoot of N. M. Rothschild Asset Management, now has a portfolio of 31 investments, both big and very small. All unquoted companies must still meet the strict criteria laid down by the directors. Lord Rothschild summarises the five rules as follows:

● It must employ not only scientists of high calibre but also first-rate business managers, so that the team is "ready and able to establish a successful venture."

● Its business plan should clearly define its research and product areas, and contain both a market analysis and a realistic assessment of the competition.

● Its potential rate of return must be in line with the risk being taken.

● It must have a sponsor to act as lead investor and to accept responsibility for the venture. (Although the fund itself has been known to act in this role.)

● The company must have plans for releasing the investment, normally through a public share issue.

In the year ending May 31, the fund received 52 investment proposals, of which 57 came from the U.S., compared with 16 from Britain, three from Israel and one apiece from Belgium, Canada, Finland,



Left: Lord Rothschild—gathering together a wide range of biotechnology investments

France, West Germany and Ireland.

Of these, it chose three U.S. companies in which to invest: Catalytic, where the \$1m invested will go mainly to support the use of enzymes in petrochemical processes; CW Ventures, a fund which invests in health care; and Immunex, a company with close links to Hoffman-La Roche and high hopes of leading the field with a treatment for AIDS (auto-immune deficiency syndrome).

Change

By this summer the scene had changed dramatically. No fewer than four of the fund's investments have gone public, in each case advantageously: Amgen, Applied Biosystems, Integrated Genetics and Immunex (see table). Mr David Leathers, investment manager, says that the fund has no intention of selling companies which go public, but will still continue to apply the five rules by which they judged the original investment. Even so, he admits that the fund it did not expect so many of its unquoted investments to go public so soon.

Another dramatic change is the view the fund takes of

British biotechnology investments. In the past Lord Rothschild has been forthright in expressing disappointment with the calibre of companies coming forward with investment proposals. Other London finance houses have suggested that they see the need for a more creative approach in Britain, to produce packages appropriate to a situation, rather than passively judge a proposal as Biotechnology Investments has tended to do in the UK.

During the year the fund made its first-ever investment in an unquoted British company. It is also its biggest investment in this sector. The fund has \$3.1m in Celtech, the company with an inside track to the

Criteria

Celtech, to quote brokers Scrimgeour, Kemp-Coo and Co. last month: "fulfills the main criteria necessary for mounting a successful operation in this fast-developing, highly-technical, field. The management team comprises both eminent scientists and sound commercial/financial managers and the

BIOTECHNOLOGY INVESTMENTS: UNQUOTED STOCKS			
Company	Equity Interest %	Country	Business
Advanced Mineral Technologies	25	U.S.	Mining/pollution
AgriGenetics	12	U.S.	Seeds, etc.
Amgen†	14	U.S.	Health care, etc.
Applied Biosystems†	7.4	U.S.	Instruments
Catalytic	10.4	U.S.	Catalysis
Celtech	11.4	UK	Health care, etc.
CW Ventures	3.1	U.S.	Bio-funds
DNA Plant Technology	3.8	U.S.	Plant science
Genetic Systems	2.5	U.S.	Health care
Genzyme	5.4	U.S./UK	Diagnostics
Immunex†	4.7	U.S.	Health care
Integrated Genetics†	4.5	U.S.	Health care
Plant Genetics	9.1	U.S.	Vegetable crops
Queue Systems	4.0	U.S.	Laboratory equipment
Repligen	9.5*	U.S.	Health care and agri-science

* Shortly to be increased. † New public.

Left: Lord Rothschild—gathering together a wide range of biotechnology investments

company is able not just to make scientific discoveries but to scale-up, extract, purify, and market its products, as evidenced by its first product, the anti-interferon monoclonal antibody."

The current position, according to David Leathers, is that the fund is evaluating half-a-dozen British potential investments but has no new ones "on the front burner" from the U.S. It is, however, considering the investment of another \$1m in Repligen, one of its first investments, which now needs more cash to help build a pilot fermentation plant.

Coy

Of the British prospects, the fund is coy for the moment. One that interests them is the Agricultural Genetics Company, set up this summer as a "country cousin" of Celtech, to try to exploit the plant genetics research of the Agricultural Research Council.

As Biotechnology Investments see it, the new company has been very modestly funded by its three partners—British Technology Group, Advent and Ultramar—at the outset, until the investors see the first busi-

ness plan. Then the partners and other investors will be invited to plunge more heavily.

Two of the funds older U.S. investments, Genetic Systems and Applied Biosystems, have just announced a joint venture in immunodiagnostics, to develop two new diagnostic systems, one simple and inexpensive for doctors' surgeries; the other automated for clinics and hospitals.

These systems are aimed at the diagnosis of bacterial and viral infections, chronic illness, and cancer, cardio-vascular and genetic disease. Round at Rothschild, they see the move as an important one for both companies.

One further recent investment which excites the fund managers is the \$1m they have plunged on Genzyme, a U.S. company set up to acquire Whatman Biochemicals in Britain. This company makes diagnostic enzymes. It has since bought Koch-Light Laboratories, another British company, making fine chemicals.

Genzyme plans to use these two UK companies as a base for developing biotechnology interests. Biotechnology Investments see the company as virtually British but driven by American entrepreneurial initiative.

Drexler laser card—interest grows

BY GEOFFREY CHARLISH

WHILE THE financial institutions and conventional card companies seem to be keeping the Drexler high capacity laser card at arm's length, interest is growing fast in Japan and the U.S. in the idea of using the card to carry programs, leaving the business microcomputer's floppy or miniature Winchester disc free to read and write user data only.

These wallet-sized read-only cards caused a flurry of interest when they were first announced two years ago. They deploy optical modification of a special surface rather than magnetic or semiconductor technology. Five micron diameter black holes on a silvery surface represent digits and are read by simple photodiode arrays. (A micron is a millionth of a metre.)

Although Jerome Drexler, in London recently to drum up European business, originally may have seen Drexler as a competitor to magnetic stripe financial cards, it looks now as if as first applications will emerge in small computer program storage.

Investment

For the established card companies, with a history and large investment in magnetic technology, Drexler could be seen as a threat, even though it might offer significant user advantages.

Nine electronics companies have taken licences for system development and manufacture (the cards will be made only by Drexler). They are Canon, Elit, Ericsson, Fujitsu, Kanto, Denshi, NCR, Omron, Toshiba and Wang and the revenue yield for Drexler so far is US\$1.9m. Although the names are indicative of the way things are going, it is understood that a dozen banks in Japan have also looked at the system.

Drexler says that one of the Japanese licensees plans to use 7m cards in 1985 for microcomputer software.

Commercial equipment is expected from several of them by mid-1984. Significant however, is the fact that none of the leading micro makers has adopted the technique. Drexler believes this is because no single leading company could obtain an advan-

tage since its immediate competitors would follow suit. He expects companies below number five in the micro league to be first in the field, and probably in a business PC costing over \$3,000.

At this level, the \$70 to \$100 cost addition for the card reader is a small risk—not the case at the bottom end of the market with machines costing a few hundred dollars.

Two kinds

Is there a good reason for a PC maker to build two kinds of bulk storage device into his machine?

Cost is the key according to Drexler. The cards, of which 100,000 can be produced daily at a new \$3m plant at Sunnyvale, are priced at about \$1.5 each at such volume levels.

On each card 16m bits (2m characters or some 500 pages of text) can be recorded in sequential form at the plant for about US\$5. In this way, 20 or more programs of the kind used in PCs can be stored and kept in the user's pocket along with his credit cards.

Drexler thinks semiconductor read-only memory (ROM) cannot compete at \$30 to \$40 for a megabit in quantities of 10,000. And although chip prices may decline, the capacity of his optical medium can be expected to quadruple, he says.

But Drexler is unlikely to have it all his own way. The cost of conventional magnetics continues to fall (although there may be an irreducible minimum in the rotary mechanics), and just emerging from companies like Verbatim in the U.S. are the so-called "vertical" magnetic discs in which the magnetic particles are placed on end to cram more in and increase the recording density.

Furthermore, there has just been an announcement from Sony and Kokusai Denso Denwa of the joint development of a re-recordable laser disc described in a brief statement as "magnetic-optical." There are no technical details but the disc's capacity is claimed to be 30 gigabits (30 thousand million bits) and Sony intends to begin commercial production within two years.

Technology
for
tomorrow's world

THORN EMI
Technology

30 specialist companies
across the world

Plastics

Du Pont's new process

DU PONT has announced a polymer plastics development called group transfer polymerisation (GTP) which is said to give exceptional control over polymer molecular weight, allow precise introduction of functional properties and give "unprecedented" control of the final composition.

The new process is particularly applicable to the production of acrylic polymers

Property

Computer valuations

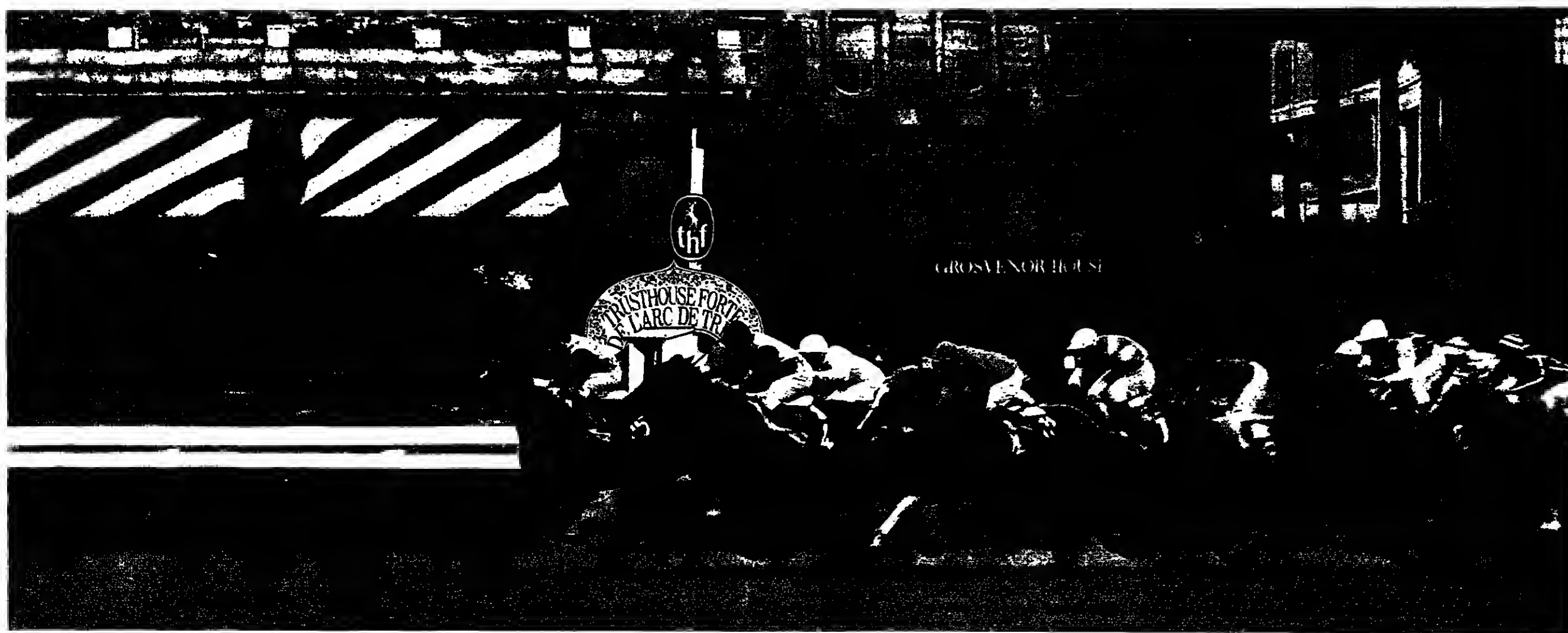
AGENTS and institutions interested in the commercial property sector can now calculate residual valuations, equated yields, leasehold terms and other valuation formulae on a portable computer.

Stafford Robert and Partners in conjunction with William Higgins and Company and Haslemere Estates, have developed a suite of programs which run on the Epson HX-20, one of the new breed of small Japanese portable machines.

The developers say these programs have previously only been available on mainframe computers. Cost of the computer plus programs is \$875 plus VAT. "This means" Stafford Robert says, "That each partner can afford to have his own computer which he himself will find easy to operate without the intervention of a trained operator." More on 01-351 3522.

French correction

In yesterday's article on computing services, CAP/Gemini / Sogeti was described as having acquired a stake in Sema. It should have read Sema; Sema Metra is owned by Paribas.



This year's Prix de l'Arc de Triomphe is being run from Park Lane.

This is the second year running that Trusthouse Forte have sponsored the Arc.

And our Grandstand is the Grosvenor House Hotel.

The Grosvenor House is one of the finest hotels in the world.

To start with, it houses one of the most exclusive restaurants in London, serving the best in French cuisine. 90 Park Lane.

And that's just one of the three restaurants included in the hotel. It also boasts the Great Room, perhaps the most spectacular ballroom in the country.

It has its own Health Club complete with gymnasium, swimming pool, saunas and jacuzzis.

Neither do the refreshing aspects of the hotel end there.

The bedrooms and suites are all individually furnished, not simply with thought but with affection.

By contrast so many large hotels are virtually indistinguishable from one another.

Indeed, we'd go as far as to say that in any contest the Grosvenor House would emerge a clear favourite.

For bookings telephone 01-499 6363 or telex 24871.

Trusthouse Forte



Handwritten text in Arabic script: "هذا هو الفندق"

THE PROPERTY MARKET BY ALISON HOGAN

Land Securities faces facts

FACING realities in London's West End office market—which boil down to prospective tenant interest but precious lack of immediate commitment—Land Securities is cutting the asking rent for its Devonshire House development on top of Piccadilly's Green Park underground station and going for multiple tenancies rather than a single occupier.

As a whole, says Land Securities' Ian Henderson, Devonshire House's 150,000 sq ft, has been on the market for about a year at around £25 a square foot. The development, a substantial reconstruction within the outer walls, was completed in March. The asking rent now is £24 a foot reducing to £20—£22.50 for the average floor, says John Bodie of letting agents DE and J Levy.

"We had a lot of inquiries a year ago for floors in the building," says Bodie. "There is more space available now, but no buildings of this quality in prime locations have appeared on the market since then."

The building's nine main floors lend themselves to combinations of 30,000 to 40,000 sq ft or more. Bodie says he has seen a lot of potential inquiries in the 40,000 to 60,000 area—oil companies, advertising agencies and a bank head the list: the building, says Henderson, is a "bit pricey" for the professional market.

These tactics, and the building itself, find favour with Chris Roe, a Richard Ellis specialist in the West End office market. "The market place at large measures per-

formance by pricing," says Roe, "but finding a tenant and negotiating with him is more important, especially at a time when he is ready to move."

Roe sees prime rents in the West End at about £20 a foot rising to £25 for special situations. Devonshire House is an excellent building in a top location and both its pricing and marketing now look about right — "matching the commodity with what the market wants," as Roe puts it.

Reconstruction of Devonshire House started in 1979, and although building costs must have been close to £100 a foot on third party calculations, the investment arithmetic still comes out comfortably in the black. Slightly lower down the West End scale, the sums are less clear-cut.

Ashley arithmetic

Hullier Parker's marketing of Ashley House — the former British Gas headquarters at 2, Monck Street, London SW1 — illustrates how the market has worked against the developer in the last year or two.

Centrovincial Estates redevelopment here has just been completed at an overall cost of £7m to £8m. The asking rent for the 27,330 sq ft of office space (with associated car parking) is £475,000, or just over £18 a foot. On a 5½ to 6 per cent yield basis, the indicated investment value is £58m to £60m, which leaves little apparent development profit margin.

Three years ago the projections would have been different. A 1980 rent of £20 a foot and a

4½ per cent yield would have left an investment value of £12m and Centrovincial well in the money.

However, the proposition is more viable than it looks. After tax relief, the probable true cost of the development is around £8m.

Land Securities made more West End news this week when Lloyds Bank took 22,500 sq ft of its 26/32 Oxford Street redevelopment for a major banking facility.

The new air-conditioned banking hall, one of the largest in the West End, will occupy the entire first floor, former site of the famous Frascati restaurant. It will be approached from a 19 foot frontage with escalator, lift and stairs flanked on either side by shops.

A further 11,000 sq ft is vacant on upper floors with planning permission for light industrial, studio or educational use.

The bank which opens in the autumn will give a much needed boost to the east end of Oxford Street, outperformed for some time by the up-market Bond Street to Marble Arch stretch.

Further upgrading should follow the completion of the Crown Commissioners' development at the corner of Wardour Street and Oxford Street, expected to be some 60,000 sq ft — and in the longer term, Equity Life's planned redevelopment of the department store Bourne and Hollingsworth which closed in August.

WILLIAM COCHRANE

European Ferries sale at Park Royal

TOWNSEND Thoresen Properties, part of European Ferries, has sold its 100,000 sq ft industrial development at Park Royal, London NW10 to two corporate clients of the Colegrave Group for around £5m. Unit rents will vary from \$3.60 to \$4.75. European Ferries has a 25 year overriding leaseback.

Kennedy Brookes' wholly owned subsidiary, Lennoxcourt, will develop the catering rights to the Trocadero's three main restaurant areas at a cost of up to £3m. Electricity Supply Nominees, the freeholder, will contribute £1.5m. The first restaurant will open in the spring.

The Prudential Insurance Company of America has sold the 245,000 sq ft Hawthorne Business Center near Los Angeles to St Paul Properties, represented by Richard Ellis for between \$8m and \$10m. The Center's four single-story buildings are fully let to six tenants.

Taylor Woodrow has acquired a freehold site in the City of London at the junction of New Bridge Street and Bridge Lane from the Anglia Building Society and the City Corporation. It has planning permission for 30,000 sq ft of offices on seven floors.

REFURBISHMENT is not enough, says the new Shopping Centre Report, a bi-monthly market digest published this week by the Fitch and Company Shopping

Centre Consortium. Europe's largest design consultancy, Fitch has got together with David J. Peck Associates, a shopping management consultancy, and the Specialist Research Unit whose work covers the mechanics of the shopping process and consumer motivation.

Along with refurbishment, says the consortium, lagging centres need to change mix, merchandise and centre management attitudes.

A 64,500 sq ft Warehouse/office complex at 1/21 Penarth Street, London SE15, is to be let by its owners, Fourgate Properties, part of the Moss Group, by auction. A disclosed reserve of below £25,000 per annum is being quoted, which equates to 39p a sq ft. Joint purchasers are Harman Healey, King and Company and Ross Jaye.

An exhibition of new development in historic towns, organised by the British Property Federation, was opened by Environment Secretary Patrick Jenkin this week. The exhibition, at Rotherham Court, Suffolk Street, London SW1, is open to the public until October 1.

In Aberdeen, office lettings are up 38 per cent and industrial property takeup has increased by 29 per cent, according to the latest, half yearly Aberdeen commercial and industrial property survey from Drivers Jonas.

Flexible approach at PDC

GOVERNMENT IS said to be studying the question of use classes for commercial property, which can be a bugbear for developers. Some planners go by the book, and put a block on activity; yet even the present use classes might serve if they were interpreted with some imagination at local level.

Peterborough Development Corporation has been illustrating the flexible approach at the request of developer Dennis Adams, a sports entrepreneur who was looking at sites for an ice rink in Cambridge for four or five years, and was blocked every time.

Adams says that the last site he was directed to by the planning department was some land near the airport. Unfortunately, it had a height restriction of 3½ feet.

The PDC made ten acres available in short order. The ice rink is a single building with a clear span, and no frills: it could be used as a warehouse which initially eased any worries that the funder, the Universities Staff Superannuation Fund, might have had.

As it is, the rink has been a success and expects to host the world speed skating championships next year. This led to a gymnasium and snooker hall which opened earlier this year. Adam's next stage is a tennis college with linked residential accommodation which opens in November of this year.

Brussels runs out of new office space

THE EUROPEAN Common Market has acquired a 4,600 sq m building in the centre of Brussels which agents Jones Lang Wootton say is one of the few new office buildings still available in the city.

The rent for the building situated in the Quartier Leopold, Brussels' main commercial district, is at the top end of the market with an initial rent of BF 18m per annum for a ground floor, seven upper floors and parking for 40 cars.

M. Michel Pilette, JLW partner in Brussels says: "After years of oversupply in the city, available new space has finally been soaked up and the vacancy ratio in the last quarter at 4.6 per cent is its lowest level for ten years."

The Common Market usually prefers to take larger areas of space and was forced to go for the smaller buildings as 5,000 sq m is the largest single unit of modern space now available.

Oversupply has choked new developments for the past couple of years, and M. Pilette says a gap has now been reached which could last at least two years, before developers recognise the situation and bring new space on to the market.

Meanwhile, the lack of new office space has boosted rents. A record rent of BF 4,650 sq m was achieved for an 8,000 sq m area in the Avenue Louise, slightly away from the prime

Qtr Leopold area. M. Pilette says that by October when current negotiations for some 50,000 sq m is complete, there will be only one building of any size still available in the Qtr Leopold, the Pan Building with 5,000 sq m.

Mr Michael Bamber, Richard Ellis managing director in Brussels confirmed the pick-up in the market over the past four months. "The Flemish Regional Authority alone is seeking 50,000 sq m at present," he says.

The lack of new developments has plunged the building sector into a recession. A recent German survey of the building sector in Europe revealed that Brussels has the lowest activity of any city in Europe. Some local institutions are responding to the resulting low building costs and redeveloping existing sites, as a long-term investment.

The merchant bank COB is building new headquarters in the Qtr Leopold while the Government is building 150,000 sq m of new space, both for owner occupation. When complete these developments will release their former premises on to the market to boost supply.

Mr Bamber says that development yields in Brussels have been too low to allow companies relying on 100 per cent finance to develop anything but prelet properties, where the long-term investor is protected.

The owner of the office block let to the Common Market is the insurance company Urbaine/UAP.

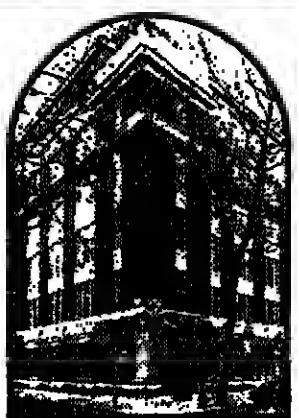
Knight Frank & Rutley

20 Hanover Square 01-629 8171
London W1R 0AH Telex 265384

Smith Square, Westminster

Approx. 26,000 sq. ft.
economic office
property to let

- Self-contained
- Low outgoings
- 7 Floors
- Central Heating
- 2 Lifts
- Carpeted throughout
- Private squash court



Edward Rushton

OFFICES - LONDON W1
For Tomatin Distillers.
4,570 sq ft. Prestige, fully fitted
offices to let.

WAREHOUSE - SCOTLAND
For ICI. 26,000 sq ft fully
refurbished modern
warehouse to let. M8/M73
Interchange, Glasgow.

INDUSTRIAL - NORTH WEST
200,000 sq ft high standard
industrial premises on
10.2 acres for sale.
Bury, Greater Manchester.

01-493 6787

061-834 1814

The 2 sides of Devonshire House.

Outside:
An elegant period
facade in the heart of
Mayfair overlooking
Green Park

Green Park Underground Station, which is situated at one corner of the building, provides easy access to the City of London and Victoria, together with Main Line Stations, Heathrow and Gatwick Airports.

Inside:
Flexible air-conditioned
offices within a highly
efficient and technologically
advanced environment
35,000-150,000 sq ft

DE & J LEVY
01-930 1070

Estate House, 130 Jermyn Street,
London SW1Y 4UL England. Telex: 267761



A Land Securities Development



YORK HOUSE KING'S CROSS

NEW AIR-CONDITIONED
OFFICE BUILDING
42,000 SQUARE FEET
FLOORS FROM
5,780 SQUARE FEET

Davies Street W1

13,240 and 26,400 sq. ft.
Prestige New
Air-Conditioned Offices

Sole Agents: **DRIVERS JONAS**

16 Suffolk Street, London SW1Y 4HQ
Telephone: 01-930 9731
Telex: 917080

A UNIQUE OPPORTUNITY FOR FAST MANUFACTURING START UP!

Factory
Kildare, Ireland. 160,000 sq. ft.
Workforce
Trained skilled labour available
Machinery
Press plant, injection moulding and
paint plants installed — available if required.
Grants
Available towards purchase, training etc.
Tax Relief
Including 10% corporation tax till AD2000
Products
Certain product lines could be made
available by Black & Decker

Full details from agents

LISNEY
Auctioneers, Valuers, Surveyors
and Estate Agents
24 St. Stephen's Green, Dublin 2.
(01) 601222.

King & Co
1 Snow Hill, London EC1A 2DL
01-236 3000

Wimbledon HQ complex

FOR SALE on 3-84 acre site
Modern air-conditioned
Office Building
33,660 sq ft with
Warehousing/
Light Industrial Buildings
27,200 sq ft

Weatherall Green & Smith
20 Grosvenor Gardens, London W1
01-405 6944

W&P Properties Manager
Temple House High Holborn, London, W.C.1
01-242 9050

SURVEYORS AND VALUERS **EDWARDS BIGWOOD & BEWLEY** AUCTIONEERS & ESTATE AGENTS

WORCESTERSHIRE Redditch



EXCELLENT MODERN FACTORY

with
PRESTIGE OFFICES
120,000 SQ. FT. FOR SALE/TO LET
Ref: GB/PRF Birmingham Office

021-236 8477

01-499 9452

71 COLMAR STREET, BIRMINGHAM B15 2JG

51, BRISTOL STREET, LONDON W1Y 7DU

TELEX 35446

TELEX 85223

A MEMBER OF THE COLLIERS Increased Property Consultants.

Also at Banbury and Stratford-upon-Avon

ENTIRE REFURBISHED OFFICE BUILDINGS

TO LET AT ECONOMIC RENTALS
Victoria Stn., SW1 Cromwell Rd., SW7
(adjacent) Only approx. £8 p.s.f.
SQ. 2,325 FT. SQ. 8,625 FT.

MOSS & PARTNERS

5 TILNEY STREET
LONDON, W1
01-629 9933

Denburn House

20-25 Union Terrace, Aberdeen.

An office development of 54,400 sq. ft.
in the commercial centre of Aberdeen
FOR SINGLE OR MULTI-LET OCCUPANCY.
Suites from approximately 1,590 sq. ft.

GRANITE DURABILITY. MODERN FLEXIBILITY.

Miles McDonald & Partners
PROPERTY DEVELOPMENTS
INVESTMENT CONSULTANTS
25 MARK LANE, LONDON EC3A 7DF
TELEPHONE 01-323 5555

E.G. Barnett
Chartered Surveyors & Estate Agents
PO Box 14, 33 Albany Place, Aberdeen AB9 8SL
Telephone 0454 523555 Telex 2227

Jones Lang Wootton
Chartered Surveyors
100 West Street, Glasgow G2 7JL
TELEX 2227

NORWICH UNION
An Office Development
by Norwich Union Insurance Group

GREAT YARMOUTH

MODERN
FACTORY
4,330 sq. ft.
FOR SALE FREEHOLD

EDWARDS SYMONDS & PARTNERS
56/62 Wilson Road, London SW1V 1DH
Tel: 01-834 8454

18 JOHN STREET LONDON WC1

Period Office Building
3,200 sq. ft. Freehold For Sale

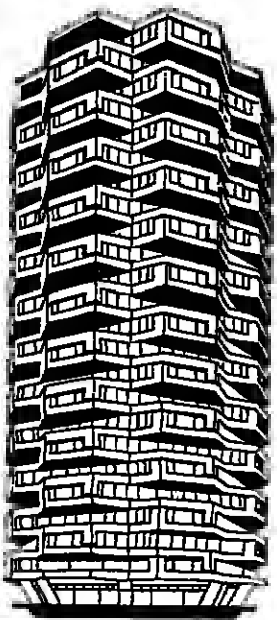
DE GROOT COLLIS
107-110 REGENT STREET LONDON W1B 5LS
01-831 7551

St Quintin
Tel: 01-491 8838

N.L.A. TOWER CROYDON

7,300 / 14,600 sq. ft.
Prestige Offices To Let

All Modern
Amenities
Including
Car Parking



For further details
contact Sole Agents.

George Trollope & Sons
13 Hobart Place,
London SW1W 0RP
Tel: 929177

01-235 8099

16 ST HELEN'S PLACE

Air-conditioned offices

4,230 sq. ft.

Lease for sale

LONDON EC3

**Jones Lang
Wootton**
Chartered Surveyors

01-638 6040

CRAWLEY

Nr. Gatwick & M23/M25

20,000 SQ. FT.

TO
100,000 SQ. FT.

TO BE PURPOSE-BUILT TO PROVIDE
SUPERB H.Q.—FACTORY & OFFICES

Freehold/Leasehold

Ref: F2/DAS

Hillier Parker
May & Rowden

77 Grosvenor Street, London W1A 2BT
Telephone: 01-629 7666
also City of London, Edinburgh and overseas

Fountain House 130 Fenchurch Street - E-C-3

AIR-
CONDITIONED
OFFICES
3220 sq. ft.
TO LET

Walker Son & Packman TELEPHONE 01-606 8111

OFFER FOR SALE
Share in a unique Hotel and Leisure development in a busy West Yorkshire town. The position is ideally suited to the use, being in the city centre surrounded and on a riverfront. The development will consist of altering an existing Grade 1 listed property built in stone with multi-level windows to provide 80 letting rooms, reception area, coffee shop, restaurant for 120 covers, conference facilities, casino, on site parking for up to 100 cars, landscaped family entertainment area planned. The project may be offered for sale to anyone wishing to purchase the whole.
For further details Tel: 0824 369948

MORTGAGES

on Commercial, Industrial,
Residential Properties
— at competitive rates
Write or telephone:
Hirsch Mortgage (Int'l) Ltd.
Europe's leading Mortgage Brokers
15 Bankside Street, London, W1
Tel: 01-235 5051 - Telex: 28374

BUILDING LAND AND SITES

BOROUGH GREEN, Nr. Sevenoaks, Kent.
Prominent Building Site, near main
large village with good shops
and public house. 100 London 100
minutes. Planning Consent for eleven
houses and eight units. For sale by
tender closing date noon on 21st
October, 1983. Details from Agents,
Parsons, Welch & Cowell, 129, High
Street, Sevenoaks, Kent. Tel: 451211



1-4 BURY STREET E.C.3.

250 yds (approx) from the New Lloyd's Market

NEWLY REFURBISHED OFFICES

50,000 sq. ft.

Self-Contained Building

- * V.A.V. air-conditioning
- * Car parking
- * Two main entrances

Hampton & Sons

9 Doughty Hill, London EC4A 2TD
Tel: 01-236 7831



A development by Centrovincial Estates P.L.C.

ASHLEY HOUSE

2 MONCK STREET LONDON SW1

SUPERB AIR-CONDITIONED

OFFICE BUILDING

WITH PRIVATE CAR PARKING

NOW READY FOR OCCUPATION

27,000 SQ. FT.

TO LET

Apply Sole Agents



Hillier Parker
May & Rowden

77 Grosvenor Street, London W1A 2BT
Telephone: 01-629 7666 Telex: 267683

also City of London Edinburgh Australia Belgium France Germany
Holland Italy Spain Switzerland and Landauer Associates Inc - U.S.A.

REGENCY STREET

5,860 sq. ft. Offices only
£11.44 p.s.f. Substantial
Reverse Premium

NEW BURLINGTON STREET

1,928 sq. ft. Single Office
Floor. Redecorated.
New lease at under
£11.00 p.s.f.

FREEHOLD OFFICES

HYDE PARK PLACE

5,600 sq. ft. Self
contained a/c period
office building.
Redecorated. OR TO LET

WANTED

2,500-5,000 sq. ft. S/C
Building in W1 or SW1
for owner/occupier
clients

MELLERSH HARDING

43 St. James's Place
London SW1A 1JA
01-499 0866

On the instructions of Davis Property Division

BASINGSTOKE MODERN

WAREHOUSES & OFFICES

15/31/62,000 sq. ft.

Leases For Sale

or To Let

From ONLY £1.75 sq. ft.

- * FULLY FITTED OFFICES
- * FLUORESCENT LIGHTING THROUGHOUT
- * AMPLE PARKING/LOADING AREAS
- * 18h TO EAVES
- * IMMEDIATE OCCUPATION

WANTED MORE LAND.

Ideal Homes are urgently seeking more land throughout the U.K. on which to build. We're ready and willing to consider any proposals.
* The outright purchase of companies holding residential land.
* Joint schemes with land holding companies, and local authorities.
* Site options with planning potential.
* Properties suited to conversion or rehabilitation.
* Agents retained where appropriate.
Contact our Land Director, Mr N. Auerbach, Ideal Homes, Goldsmith House, St John's Road, Woking, Surrey, GU24 1QZ. Tel: 0442-76155.

New Ideal Homes,
Southern Ideal Homes,
Central Ideal Homes,
Northern Ideal Homes,
A Thelwell House Company

Help us build...
Ideal
Homes

Croydon

35 WELLESLEY ROAD

A New Office Building of Distinction

309,000 sq. ft.
TO LET

- Advanced Technological Design
- Energy Conserving Installations
- Two High Quality Entrance Halls
- Maximum Office Flexibility
- Carpeting to all Office Areas
- Full Air-Conditioning
- Solar Shielding Double-Glazing
- Suspended Ceilings with Recessed Self-Regulating Lighting
- Private Car Parking
- Ten Passenger Lifts
- Standby Generator

**ALLSOP
& CO**

21 Saba Square, London W1W 6AX
Tel: 01-437 6977
Telex: 267 397



KEEPING GOOD COMPANY. BUPA

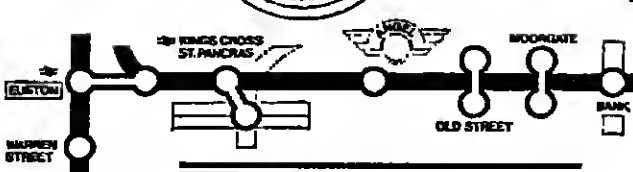
Williams & Glyn's Bank plc
BANK OF
ENGLAND

National Westminster Bank Limited



**NEW OFFICE
HEADQUARTERS**
14,400 sq. ft.

WITH TWO LIGHT INDUSTRIAL
UNITS AT THE REAR 5,200 sq. ft.



Gordon, Linch & Co.
Surveyors & Valuers
10 Sabley Place, Mayfair, London W1R 6HG

01-409 1441

**Approx. £13psf
INC. OF RENTS & RATES**

LAND

available in
Birmingham for
development
of
WAREHOUSES
FABRICATORIES
OFFICES

For more information just write
or telephone with details of your
requirements and we will match
them with the council owned
land currently available.
Richard Perkins, FRICS,
Commercial Officer,
City of Birmingham
Development & Promotion Unit,
Council House,
Birmingham B1 1BB.
Telephone: 021-235 3682
and 4693 or see
PRESTEL: 2022534

**CITY OF
BIRMINGHAM**

POOLE, DORSET

NORTON HOUSE

Prestige Refurbished Offices

12,969 sq. ft.

Private car park,
High-quality finish,
Ideal H.Q. building.

Bernard Thorpe

Old Library House
4 Dean Park Crescent
Bournemouth, Dorset
Tel: 0202 21621

DE GROOT COLLIS

12 BEDFORD ROW WC1

Modern Offices
to Let
with car parking

1245 sq. ft. to
6930 sq. ft.

* Lift * Central Heating
* Fully Partitioned

Less than £20 p.s.f. incl.
with no rent review for 7 years

309-310 HIGH HOLBORN
LONDON WC1V 7LX

01-831 7651

DEPART: OLD STREET ARRIVE:

BANK

TIME
5MINS

6,500-40,000 sq. ft.

£8 p.s.f. TO LET

SEE C.L.R.I.

01-236 4040

FREEHOLD INDUSTRIAL INVESTMENT

London, W1R - North Circular Road

Secured on a single story block of
4 localities lot as FR & I lease to
established tenants. Total area
28,500 sq. ft. Current income £27,500
p.a. Substantial reversions in June
and October 1984. Price £200,000
open to offer. Option to buy prop-
erty company with substantial
reserves if required.

STRETTONS
Chartered Surveyors
Tel: 01-555 1212 Ref: PPT

1232

NORTH WEST ENGLAND

90,000 SQ. FT.

FREEHOLD

OFFICE BUILDING

FOR SALE

£2.3 million

MATTHEWS
GOODMAN
& Postlethwaite

051-236 8732

MODERN OFFICES TO LET

SLOANE SQUARE HOUSE SW1

5,000 SQ. FT.

Fitted for immediate occupation
on incentive terms

Situated over Sloane Square Under-
ground Station, with car parking.

CHESSHIRE, GIBSON & CO.,

24 Brook Street, London W1V 2LL

Tel: 01-491 7050 Telex: 21187

J. TREYOR & SONS,

56 Grosvenor Street, London W1

Tel: 01-629 8191

INVESTMENTS FOR SALE

5-ACRE GARDEN CENTRE, small man-
agement, 1000 sq. ft. with 1000 car
parking, prominent area, to let or for
sale. Write Box 19943, Financial Times,
10, Cannon Street, London EC4A 3BT.

OVERSEAS NEWS

Pretoria aims to curb mergers

BY BERNARD SIMON IN JOHANNESBURG

NEW MEASURES to control corporate mergers and interlocking directorships are being considered by the South African Government, the Minister of Industries, Dr Dawie de Villiers, said yesterday.

The announcement follows a heated public debate on the recent spate of mergers and takeovers which have significantly dented competition in several sectors and increased the power of South Africa's biggest mining houses and financial institutions.

Dr de Villiers said he had instructed the Competition Board, a state-appointed anti-monopoly watchdog, to investigate urgently

the degree to which competition is restricted by overlapping directorship and the interests of companies in one another.

He said: "The board is to investigate the desirability of adopting legal and other measures for effective control over interlocking undertakings, directorates and employees." He added that the authorities were keen to improve competitiveness in the economy, but gave no details of the measures envisaged.

There is no limit to the number of directorships one person can hold in South Africa, and several of the country's leading businessmen sit on the boards of several dozen com-

panies, some of them with competing interests.

The South African Government has until now judged monopolies and other restrictive business practices by the yardstick of the "public interest", regarding them as undesirable only when they abuse their dominant position.

Political pressure to curb concentrations of business power, however, has increased lately, after transactions such as the acquisition by Premier Group, a leading food company, of a controlling interest in another consumer group, South African Breweries, and the recent creation of a casino monopoly.

Setback for officers' freedom hopes

BY OUR HARARE CORRESPONDENT

HOPES of an early release for the six white air force officers detained last week after their acquittal in Zimbabwe's High Court suffered a new setback with yesterday's public denunciation of the judgment by the Home Affairs Minister.

In a statement Dr Herbert Ushewokunze said the judiciary under the Smith Government had always believed the police but since independence always believed defendants.

He said that in Zimbabwe law "illegally obtained evidence" re-

mained admissible in the courts. The fact that evidence may have been obtained through torture did not justify freeing a criminal.

Dr Ushewokunze's remarks follow his previous criticisms of judges who have acquitted people charged in major court cases with quasi-political offences.

His statement is important for its timing. It was issued as Mr Robert Mugabe, the Prime Minister, left Zimbabwe for a two-week visit to Ireland, Canada and the U.S.

● The Reserve Bank of Zimbabwe warned in its quarterly economic review that real output in the economy was likely to decline this year.

The bank forecast that because of last season's severe drought agricultural production would fall by 20 per cent. It forecast wheat plantings in 1983 of only 20,000 hectares, against 42,000 hectares last year, and a 60 per cent decline to 80,000 tonnes in the 1983 wheat harvest, making substantial wheat imports necessary.

Marines find it dangerous to be a symbol

By Patrick Cockburn in Beirut

U.S. MARINES stationed at Beirut airport have difficulty in guessing the intensity or frequency of the shelling which plunges on to their positions from the Druze artillery men in the steep hills which rise around the Lebanese capital. "What the hell does indirect, accidental, occasional or sporadic mean," some marine has scrawled on a cardboard notice in the airport's burnt-out administrative building.

Since early August, shells have killed four Marines and wounded 28. Yesterday was meant to be different because the Druze had agreed to stop their intermittent bombardment of the 5,000-strong multinational force.

Like so many Lebanese cease-fires this one turned out not to be very long-lasting. In the late morning three shells crashed on to the airport tarmac, 100 yards from where visiting Marine General John Miller was getting out of a helicopter. People ran to bunkers out into soft red sandstone.

The Marine general did not seem very optimistic that the shelling was going to stop. To go into the mountains where the guns are you would need more troops, he said, and when you got where you wanted to go you would always find another mountain range in front of you. "Lots of people want to see us get sucked into this little war," said a less discreet officer, two hours before U.S. naval guns tried to silence the gun which fired the shells.

From the roof of one of the airport buildings Marines watch the hills round about them. A laser rangefinder points at suspected gun positions and a radar system tries to find the exact origin of any incoming rounds. In the distance there is the continual rumble of the guns as government, Druze and Christian troops fire at each other from the ridge lines, spurts of white smoke rising as shells impact.

In the city of Beirut itself, the effect of the fighting is intermittent, the mood changeable. In once fashionable Hamra, shops are open, but in other parts of the capital streets are suddenly deserted. Many areas are still shattered by Israeli bombardment and gunfire last year. Along the public beaches red flags are flying, warning against the fierce undertow which claims many lives every year, but bathers continue regardless of currents - or shells, which very occasionally land in the sea sending geysers of water high into the air.

The fighting is all in the hills, which rise to 3,000 feet within 80 miles of the city. It is this which gives the region its crucial strategic significance. If a hostile army holds Aley and Bhamdoun, resort towns where Beirut once went at this time of year to escape the heat and humidity of the coast, then it can seek to dictate terms to the Government in the capital.

The multinational force was originally sent to Lebanon as a symbol of international support for President Gemayel's Government. But this is a dangerous country in which to be a symbol, all the more since President Gemayel is eager to see his own fragile army backed up militarily by the French, Italian and U.S. troops in and around Beirut. He has every reason to hope they will be sucked into the conflict.

General Miller did not look very enthusiastic about greater American involvement. Over the past week, all the governments contributing to the multinational force have become even more circumspect about greater involvement in Lebanese sectarian politics. This is hardly surprising given the weight of armament, including a French and an American aircraft carrier, now deployed offshore to protect the forces already in position.

Introducing Shell Gold Card.



More than just a fuel purchase and cost management scheme for company car fleet operators.

Extensive research into the needs of company car fleet operators has led us to develop Shell Gold Card—a flexible fuel purchase system which is designed to meet the requirements of your particular company.

SHELL GOLD CARD STANDS FOR:

- The ability to choose between a scheme limited to fuel and oil purchases or one extended to cover all approved car related purchases.
- Convenience for your company and employees.
- Simplified administration and accounting procedures.
- A summary VAT invoice for all purchases.
- Analysis of costs broken down as you choose by vehicle, cost centre and total fleet.
- Analysis of costs per mile and per litre.

With Shell Gold Card these benefits should give your company the opportunity to make significant cost savings in the operation of your company car fleet.

Shell Gold Card offers better value for money with effective cost control based on superior management information. It also automatically includes AA Business Membership and can provide access to a network of servicing and repair outlets.

To find out how Shell Gold Card can benefit your company car fleet operation simply return the coupon, call us on 01-438 3566 or 01-438 3554 or Telex 22585 Shell G.



Shell
Gold Card

Please send me details of Shell Gold Card.

Name _____

Position in company _____

Company Name & Address _____

Telephone No. _____

Number of company cars in fleet* (minimum 20)

Please return this coupon to Shell U.K. Oil, Room 821, Shell-Mex House, Strand, London WC99.

banque '83

3d European Trade Fair for Techniques and Organization in Banking

September, 13-18, 1983 - Opening hours:
Every day from 10 am to 6 pm (Friday to 9 pm)

Information and Complimentary Card

Société des Petites Internationalités
de Luxembourg S.A.

P.O. Box 110, L-2011 Luxembourg, Tel.: 20931



bureautec

1st Interregional Trade Fair for Office and Communication Technology

NIGERIAN AGRICULTURE

The costly lessons of a \$550m dream

By James Buxton

BAKOLORI is a technologists' dream. It is the name of a dam and agricultural project in the dry and impoverished north of Nigeria. If the application of modern technology to developing countries means anything, then the idea at Bakolori of damming a seasonal river to irrigate land and give farmers two certain crops a year, instead of one uncertain one, ought to be a triumphant success.

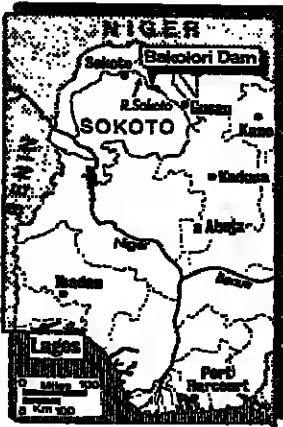
It was certainly hailed as such by President Shehu Shagari when he inaugurated Bakolori at the start of the long campaign which last month brought him re-election for another four years. For him it was "a dream come true" in his home state of Sokoto. The \$550m investment is a major element in the Nigerian "Green revolution" which aims at reversing the collapse of the country's agriculture.

Yet though most of the 23,500 hectares of irrigated land at Bakolori are now ready for farming by the 100,000 Hausa peasants of the district, no one has forgotten that the scheme was only completed after the bloody suppression of a revolt against the whole idea by the very people it was designed to benefit. Even now wholehearted acceptance of the scheme by the farmers is uncertain and its future depends heavily on the Nigerian government pouring in a lot more of the one commodity it badly lacks at the moment—money.

This huge scheme is an impressive technical achievement for its Italian builders. Impresit, the construction arm of Fiat, Italy's largest private enterprise. But apart from demonstrating the enormous social upheaval caused by such schemes, it raises the question of whether such sophisticated technology is either economic or even appropriate for raising food production in primitive and environmentally delicate areas like the sub-Saharan savannah belt of Africa.

From an engineer's point of view, Bakolori is the classic example of a place where it would have been a crime not to build a dam. The far north of Nigeria is flat, densely populated with clusters of mud houses, but extremely poor. The land is fertile only after the mid-year rains, and they occasionally fail.

Sokoto state is crossed by the



Bakolori: a view of the dam's spillway.

Sokoto and Rima rivers which rise in the wetter south. They swell again in the rainy season to flood their valleys before turning south again to join the mighty Niger river. From colonial times it has seemed an obvious idea to store the flood-water behind dams, and release it gradually, partly to supplement the rains in the wet season, but mainly to enable the farmers to grow a second crop in the dry season. A further incentive to the idea of concentrated irrigation has been the fear of desertification spreading south from the Sahara.

The explosive result was a revolt by farmers

Studies by the UN Food and Agriculture Organisation (FAO) in the 1960s favoured the concept of river basin schemes, starting with Bakolori. Impresit got the message, and began a feasibility study in 1972. In 1974 the company received a letter of intent for the contract to build both the dam and the irrigation works. The deal was signed the following year.

Drawing on considerable experience of dam-building all over the world (Impresit built the Kariba dam in Zambia), the Italian company finished the three-and-a-half mile dam in only 30 months, creating a lake with a capacity of about 450m cubic metres of water. The Sokoto-Rima River Basin Development Authority (SRBDA), set up to handle this and other schemes, was slower off the

mark. Initially the problem of what to do with the 14,000 people who lived in the area to be flooded by the lake was almost ignored, and little was done to explain to farmers downstream what the project would mean to them: that their tiny plots would be expropriated to be levelled for irrigation, then reallocated to them in the form of regular sized units, 20 per cent smaller than the total area they had farmed before, and demanding a whole new way of farming.

As the lake water rose, the then military government finally leapt into action and the displaced farmers were resettled; but the land given to them—never previously farmed—was poor, there was little financial compensation, and the unhappy new settlement (which today is almost derelict) erupted into riots in August 1978.

As for the farmers on the irrigation scheme proper—the main intended beneficiaries—they became exasperated for a different reason: they had to stop planting their land in the wet season to allow the contractor to level it for irrigation. That work often took longer than expected (Impresit had much less experience of irrigation than of dam building), there was no compensation for loss of crops, and in some cases the precious topsoil simply blew away.

The explosive result was that from early 1979 to April 1980 the farmers staged a revolt. Gangs of them seized off construction sites so that work was forced to a standstill. "The government wanted us to go on working, but the farmers were

so well organised that they managed to shift their roadblocks very quickly to wherever we were," says Dr Enrice Tasso, managing director of Impresit Bakolori, and the man regarded as father of the project. "We couldn't do anything."

He blames much of the trouble on political agitators in the tense period of Nigeria's elections for civilian rule. Though Bakolori became a national issue, many observers still think the protest was a largely spontaneous response to inefficient planning and heavy-handed action by the military government.

In the end, President Shagari's new civilian government agreed to pay generous compensation and, when a number of farmers still refused to cooperate, sent in a very large force of police, which put down the revolt at the cost of an official death toll of 18. Impresit won N23m in compensation for the delay, to be added to the contract price which, with inflation and extra work, had already soared from the original N110m to about N400m (\$550m) today.

"You have to hand it to them: any other contractor would have simply have walked off the job," says Mr Reg Calvert, chief resident engineer for MRT, the technical consultants, 60 per cent-owned by Sir M. Macdonald and Partners of Cambridge.

More recently, the contractors have had to face formidable delays in payments, as Nigeria has suffered the effects of the international oil glut, and government revenues have been drastically reduced.

Despite the payment delays, work has gone ahead more

smoothly since April 1980. Rice has been grown with some success, though most farmers grow maize. Wheat, which had been envisaged for the scheme, has not proved very satisfactory.

In order to lessen the disruption caused to the farmers by land preparation, there has been a switch from area irrigation to sophisticated sprinkler systems, which require less levelling: instead of taking water from the canals with syphons, the farmers attach pipes to hydrants fed by electric pumps. This initial investment is less, but running costs are higher. Mr Calvert considers them better for the farmers, who often could not be

Shortage of both money and skilled personnel

bothered with syphons, and broke down the canal walls to get water.

A basic problem remains: persuading farmers to use irrigated techniques to gain a second crop—the main objective of the scheme. Most of the farmers on the newly irrigated land are still producing only one crop a year, mainly by traditional methods. Indeed, the amount of land being farmed for a second crop actually fell from 4,000 hectares in 1981-82 to 2,600 hectares in the current dry season.

Alhaji Aliyu Garin, chairman of the river basin authority, says this is because of a dispute over the ending of subsidies on some inputs, like fertiliser: the farmers held back from planting

to call the authority's bluff, until it was too late.

A more fundamental reason is that many farmers are not attracted to the type of agriculture the scheme offers, especially the unfamiliar irrigation which requires going out at night, when superstition makes them afraid. Moreover, most northern Nigerian farmers are used to having a less active dry season, using it to repair their homes, or go on pilgrimages to Mecca. The economic incentives of the second crop are not obvious enough to persuade them to change their habits.

The feasibility study reckoned that it would take five years from the completion of the project for it to come fully into operation, and the authority claims that the farmers are adapting fast. Yet even assuming full operation, the capital cost of the second crop will be more than \$20,000 per hectare—a formidable sum to recover by farming, particularly when the farmers are currently reckoned to be obtaining less than 30 per cent efficiency in water use (against the 70-75 per cent obtained in developed countries).

In assessing the overall value of the project one must take into account the serious loss of yields caused to farmers further down the river who no longer enjoy the abundant end fertilising—if destructive—floodwaters. No one mentioned this in the preliminary study.

Sophisticated projects like this can only be economic on a day-to-day basis if they are well-run and well-maintained. The water supply must be administered fairly and efficiently, the dam, canals and pipes kept in good order. If not, the project will gradually die, as has nearly happened to several irrigation schemes in Sudan, requiring very expensive rehabilitation operations. The river basin authority has a frightening responsibility, but like many concerns in Nigeria it is pathetically short both of skilled personnel and money as budget cuts rain down.

Bakolori may still be a success. But if not it will be another warning that what seems politically and technically attractive in Africa does not necessarily win the acceptance of the people it is supposed to benefit.

BASE LENDING RATES

A.B.N. Bank	9 1/4%	Hambros Bank	9 1/4%
Al Baraka International	9 1/4%	Heritable & Gen. Trust	9 1/4%
Allied Irish Bank	9 1/4%	Hill Samuel	9 1/4%
Amro Bank	9 1/4%	C. Hoare & Co.	9 1/4%
Henry Ansbacher	9 1/4%	Hongkong & Shanghai	9 1/4%
Arbuthnot Latham	9 1/4%	Kingsnorth Trust Ltd.	11%
Armed Trust Ltd.	9 1/4%	Knowles & Co. Ltd.	10%
Associates Cap. Corp.	9 1/4%	Lloyds Bank	9 1/4%
Banco de Bilbao	9 1/4%	Mallinham Limited	9 1/4%
Bank Hapoalim BM	9 1/4%	Edward Manson & Co.	10 1/4%
Bank of Ireland	9 1/4%	Midland Bank	9 1/4%
Bank Leumi (UK) plc	9 1/4%	Morgan Grenfell	9 1/4%
Bank of Cyprus	9 1/4%	National Bk. of Kuwait	9 1/4%
Bank of Scotland	9 1/4%	National Girobank	9 1/4%
Barque Beige Ltd.	9 1/4%	National Westminster	9 1/4%
Barque du Rhone	10 1/4%	Norwich Gen. Est.	9 1/4%
Barclays Bank	9 1/4%	P. S. Reford & Co.	9 1/4%
Beneficial Trust Ltd.	10 1/4%	Roxborough Guarantee	10%
Bremar Holdings Ltd.	9 1/4%	Royal Trust Co. Canada	9 1/4%
Brit. Bank of Mid. East	9 1/4%	Standard Chartered	9 1/4%
Brown Shipley	10%	TCB	9 1/4%
CL Bank Nederland	9 1/4%	Trustee Savings Bank	9 1/4%
Canada Perm't Trust	10 1/4%	United Bank of Kuwait	9 1/4%
Castle Court Trust Ltd.	9 1/4%	United Mizrahi Bank	9 1/4%
Clydesdale Bank	9 1/4%	Volkswagen Intl. Ltd.	9 1/4%
C. E. Coster	10%	Westpac Banking Corp.	9 1/4%
Comm. Bk. of N. East	9 1/4%	Whiteaway Laidlaw	10%
Consolidated Credits	9 1/4%	Williams & Glyn's	9 1/4%
Co-operative Bank	9 1/4%	Wimhurst Secs. Ltd.	9 1/4%
The Cyprus Popular Bk.	9 1/4%	Yorkshire Bank	9 1/4%
Duncan Lawrie	9 1/4%		
E. T. Trust	10%		
Exeter Trust Ltd.	10 1/4%		
First Nat. Fin. Corp.	11 1/4%		
First Nat. Secs. Ltd.	11 1/4%		
Grindlays Bank	9 1/4%		
Guinness Mahon	9 1/4%		

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)			
27/28 Levent Lane London EC3R 9EB Telephone 01-431 1312			
1982-83	Company	Price Change	Gross Yield
High Low			
142 120	Ass. Brit. Ind. Ord.	132	6.4 4.8 7.7 10.1
128 117	Ass. Brit. Ind. CUS.	141	5.1 8.8 20.3 20.3
74 57	Airprug Group	71	4.3 19.5 2.6 4.3
22 89	Bardon Hill	226	7.2 3.2 9.2 18.7
151 100	CEL 1100 Conv. Prof.	143	15.7 11.0 — —
270 191	Cindago Group	191	17.5 9.2 — —
86 46	Dabera Services	56	5.0 10.7 3.7 10.0
126 77	Frank Hensell	126	8.7 7.7 5.3 8.7
120 73	Frank Hensell Pr. Ord	120	9.7 7.2 5.0 8.3
83 57	Frederick Parker	57	7.1 12.5 3.6 6.7
55 32	George Blair	32	— — — —
100 65	Ind. Precision Castings	65	7.3 11.1 8.5 10.8
200 100	Ind. Conv. Prof.	200	15.7 7.9 — —
114 47	Jackson Group	107	4.5 4.2 8.8 11.0
227 111	James Burroughs	229	11.4 5.8 11.8 11.9
280 137	Robert Jenkins	139	20.0 14.4 18.2 10.8
83 54	Scruttons	68	5.7 8.4 11.3 8.2
157 110	Torday & Cantile	112	11.4 10.1 5.0 8.5
29 21	Unilock Holdings	23ad	1.0 4.3 15.0 21.8
85 64	Walter Alexander	79	5.8 8.5 5.9 9.2
278 214	W. S. Yeates	266	-2 17.1 6.6 4.1 8.5

Licensed Dealer in Securities

Talking points.

If it's true that two heads are better than one you can be sure of some very special results when two companies with the resources and capability of Ferranti and the GTE Corporation get together

Take a look at the Datea 2000 handset for instance. A telephone? Much more. It can automatically dial up and pass information to

a computer. Ideal, for example, for verifying credit card transactions.

Datea 2000 is just one example from a product range that can supply an advanced-design phone for your home or a complete exchange system for your office.

When you're thinking telecommunications think Ferranti GTE.

FERRANTI GTE

The clear voice in telecommunications

Head Office and Northern Area Sales Office: St Mary's Road, Moston, Manchester M10 0BE. Telephone: 061-682 4000, Telex: 667857
London and Southern Area Sales Office: 110 Euston Road, London NW1 2DQ. Telephone: 01-387 9771, Telex: 265161



THE ARTS

Exhibitions

LONDON
The Hayward & Serravallo Galleries: The Sculpture Show - this year the Arts Council's Annual review of some particular aspect of contemporary British Art - takes new sculpture as its subject, with the personal selections of three invited jurors covering altogether the work of some 50 artists. But so wide and various is this field, that this is no definitive show; rather it is a very personal selection which makes it so useful, bringing to the domestic public the work of a younger and ascendant generation that has already begun to attract considerable attention abroad. Ends Oct 9.

The National Gallery, Manet at Work: This year falls the centenary of Manet's death, which now, to the knowledge of the great old age achieved by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. The great retrospective in Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give us anything so comprehensive, but takes eight major works across the range of his career, and by simple scholarly exposition, shows us how he set about his business.

PARIS
Musee des Beaux-Arts: In one of its excellent didactic exhibitions the Louvre has assembled, to mark the 300th anniversary of the artist's death, his paintings and drawings - among them the Young Bellerophon - from French public collections. Plans, photographs and engravings help us to situate the Sevillian artist in the context of his times. Closed. Ends Oct 24.

Musee de la Ville de Paris: Ends Oct 24. **Exotic Flora and Fauna in art from the 17th century to the first half of the 20th century.** Louvre des Antiquaires, 2 Place Palais Royal (207 2700), 11 am till 7 pm. Ends Sept 25.

WEST GERMANY
Hildesheim, Römer und Pelzehaus-Museum, an St. Marien: The only German venue of Art Treasures from Ancient Nigeria with 100 exhibits bearing witness to the oldest African cultures from 500 BC to 1900 AD. Ends Oct 23.

Opera and Ballet

LONDON
English National Opera, Coliseum: The ENO tries again with *Ariadne on Naxos*, replacing with a new production the unhappy attempt of two seasons ago. James Cairns, Sally Burgess, Marilyn Hill Smith and Kenneth Woolam in the leading roles. Walter Welles (London opera debut) as conductor. Further performances of David Blake's striking Caribbean operatic epic, *Toussaint Louverture*, by the same company. Ends Sept 17.

Royal Opera House, Covent Garden: The season opens in an unusual and exciting way, with a revival of the much-praised *Götter Friedrich* production of Berg's *Lulu*, one of the most powerful and disturbing of all operas in a staging which catches much of its special quality. The cast

Music

LONDON
Royal Albert Hall: The Prom season starts this evening on Saturday September 17 with the following concert: Zubin Mehta conducts the Israel Philharmonic Orchestra with the BBC Chorus and Tiffin School Boys Choir in a performance of Mahler's Symphony No 3 with soloists Florence Quivar (Mezzo), John Ogden plays Liszt's Piano Concerto No 1 with the BBC Scottish Symphony Orchestra conducted by George Hurst in a concert including Beethoven's Pastoral Symphony and Hindemith's Mathis der Maler Symphony (Tues). On Wednesday, Andre Faustich conducts his play *Le Voie* as part of a programme including Tchaikovsky, Chopin and Scriabin conducted by Norman Del Mar with the BBC Symphony Orchestra and pianist Philip Fowkes (Thurs) sees the BBC Welsh Sym-

Theatre

LONDON
The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (828 8785)

Tales from Hollywood (Lyttelton): New Christopher Hampton play about the European émigrés working in Tinseltown during the war. As a linking story, the director, Oskar von Rohrbach, appears alongside Michael Gambon's impersonation of Brecht. (222 223)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production ticks a happy note of serious levity. (830 260/4143)

A Patriot For Me (Haymarket): Alan Bates leads a wonderful revival of John Osborne's masterful play about sexual and conspiratorial intrigue in the Austro-Hungarian empire. A rich tapestry, with a famous drag ball scene at the centre. (306 9530)

Great and Small (Vaudeville): Glenda Jackson in top form as an urban lady on the brink. Keith Haulk's production is very fine, and London has done full justice to Bobo Strain, one of West Country's leading young playwrights. Pessimistic material but a highly refreshing, and above all different, sort of evening. (838 9588)

Song and Dance (Palace): Surprise hit at the Palace, newly acquired by the show's composer Andrew Lloyd Webber. Lulu now sings, Graham Fletcher dances. Overblown middle-brow stuff. (437 8834)

Blood Brothers (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like young Gracie Fields, is superb as

Frankfurt, Kunstverein, 44 Markt: The first big exhibition of Max Ernst's work with roughly 100 installations and drawings by the Swiss painter and object artist. Ends Sept 25.

Munich, Haus der Kunst: The Theo Wurm and Legacy is a collection of works by Max Ernst, Magritte, Pollock, Ansel, Botero, Goller, Röhlf, Nolde, Jawlensky and other classical modern painters, many of whom were banned by the Nazis. Wurm, an entrepreneur, left most of the pictures he had collected to the Munich

Marmottan's Monets

For lovers of Impressionism, the Musée Marmottan is a must. A charming town house set in greenery, it houses an important collection of paintings and drawings by Claude Monet and his friends, including the famous *Water Lilies* - *Sunrise*, which gave the name to the whole movement. Monet's love of London is represented by the

Medieval art in Paris

The Abbots of Cluny built their magnificent late Gothic town house in the heart of the Latin Quarter on the blacked ruins of Roman baths. Now a museum, it houses medieval works of art: goldsmiths' work, carved altar pieces, ivories, fabrics, with two English Royal Standards encased in gold on red velvet. Among blue and gold Li-

tored Roman Empire period doll, including wardrobe and jewellery, *"Crepesca Typhena"* - a 2000-year-old lost treasure. At the Gallerie Nazionale d'Arte Moderna till end September. Ottone Rosai one-man show.

Milan: At the Chiesa della Grazie there are 100 prophetic and Neogothic paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Musée Correr, 7141's engraving on show. Palazzo delle Prigioni: ex-

Houses of Parliament. In the last 20 years of Monet's life, his garden in Giverny became his great inspiration. In glowing colours and changing light, he painted his Japanese bridge, weeping willows and, time and again, the unforgettable water lilies on still green waters. Musée Marmottan, 2 Rue Louis-Bouilly (Metro Muetet). Closed Mon.

Medieval art in Paris

monges ensembles in a shrine depicting the martyrdom of St Thomas à Becket. In a room of his own is a set of the Lady and the Unicorn - the five senses, one of the masterpieces of medieval art. Musée de Cluny, 6 Place Paul-Painlevé, Metro Odéon or St-Michel, closed between 12.45 and 2 pm and on Tuesdays.

hibition of works by Massimo Campigli.

Florence: Palazzo Pitti: 100 paintings and collages from all over the world by Giotto Severini on the centenary of his birth. Crivelli and his circle (near Eresca) till Oct 16: exhibition of 170 paintings by Antonio Ligabue, 46 of which have never been exhibited so far.

NEW YORK
Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include ten of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris,

Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Giorgio O'Keeffe, Bathous, Mondrian, Picasso and Natalia Goncharova. Ends Nov 27.

Metropolitan Museum Library: Drawings of fourteenth to eighteenth-century Italian masters include a large number of sketches for paintings by Canaletto, Piranesi, Tiepolo and Tintoretto. The drawings show off the draftsmanship of the painters and the development of their compositions from these preliminary but evocative works. Ends Nov 13.

Cantor Sculpture Centre: Set against the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carved out by Rodin collaborator and producer, Henri Lebasque. One World Trade Center, 10th story.

Henry Moore (Metropolitan Museum of Art): The first major retrospective in America for nearly 40 years includes drawing, carving in wood and stone as well as sculptures large and small in one of the highpoints of the British Salutes New York celebration. Ends Sept 25.

WASHINGTON
National Gallery: With the recent death of American art patron, John Hay Whitney, the collection of French Impressionist and their successors is on view before dispersal to various museums. Ends October 2.

CHICAGO
Art Institute: 237 works from the Vatican Collection show the range of religious and secular art patronized by important patrons to both artists and archaeologists. Compared to what can be seen in Rome, the travelling exhibit may seem meagre but at the same time, major works like the Apollo Belvedere and Caravaggio's *The Deposition* can be better highlighted in this carefully chosen and well-grounded selection. Ends Oct 16.

Museum of Contemporary Art: More than 100 works of the provocative, if not outrageous, sculptress Louise Bourgeois comprise the first, major retrospective of her work, going back to the 1940s. The sexual and Women's Lib themes of recent times gained the artist a notoriety, here put in perspective. Ends Oct 30.

Arts Week

F | S | Su | M | Tu | W | Th

9 | 10 | 11 | 12 | 13 | 14 | 15

Agrippina (Sun, Tue, Thur): Teatro la Fenice, Madonna Buttery (Wed).

NEW YORK
New York City Opera: Scheduled performances this week are *The Mikado*, a benefit performance of *Donizetti* (Sundays, please note, 7 PM for benefit). New York City Theater, Lincoln Center (878 5570).

WEST GERMANY
Berlin Opera: *Lieder* recital with Teresa Berganza accompanied at the piano by Juan Antonio Alvarez Pizarro. Violi, Strauss, Faure and Respighi. (Tues)

Berlin Philharmonic: This year's 33rd Berlin Festival runs from Sept 1 to Oct 2. The second week of performances includes *Donizetti's* *Lucia di Lammermoor* and *Donizetti's* *Lucia di Lammermoor* conducted by Dennis Russell Davies playing Beethoven's Third Piano Concerto and First Symphony. The *Junge Deutsche Philharmonie* conducted by Gary Bertini accompanied by the Rias Kammerchor offers Beethoven, Webern, Schönberg and Brahms (Sun). The famous piano duo Friedrich Eschenbach and Justus Frantz continue the programme with Brahms and Haydn (Tues). Berlin's Symphony Orchestra conducted by Daniel Barenboim closes the week (Thurs) with Ravel, Paganini and Shostakovich.

NEW YORK
New York Philharmonic (Avery Fisher Hall): Rafael Kubelick conducting Schubert, Beethoven (Thurs). Lincoln Center (742 2424).

WASHINGTON
National Symphony (Concert Hall): The new season opens with Maestro Rostropovich conducting with Glena Maurine, Mezzosoprano, in a programme of *Donizetti's* *Lucia di Lammermoor* and *Donizetti's* *Lucia di Lammermoor* (Tue, Wed, Thur). Kennedy Center (254 3778).

original, by George Abbott. (437 8770).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a touch of his funny as well as touching childhood reminiscences now that the Nederlander organization has decided to name the theatre after the generation's outstanding box office draw. (757 8646).

WASHINGTON
Wind in the Willows (Folger): Composer William Perry and lyricist Roger McGough have created a wonderful chestnut to turn into a musical to add a new generation's appreciation of *Ratty, Mole, Badger and Toad* of Toad Hall. Ends Sept 18 (347 3230).

American Boffalo (Terrace): Al Pacino's humane and lively performance gives a wholly new and fresh look to David Mamet's bemused version of American law life with lawyer in his heart as directed by Arvin Brown in the Long Wharf Theatre. Ends Sept 25. Kennedy Center (254 8995).

Flash in the Pan (Theatre Building): The inaugural offering in Paramount Pictures' venture in supporting the Apollo Group's new-play series used to be a series of fairy tales. The writers-performers are veteran nightclub artists, Denise De Clue, Jeff Berkson and John Karsner. 1225 W. Belmont (327 5252).

The Dining Room (Goodman, 200 S. Columbus Dr.): A R. Gurney Jr.'s vision is confined by four walls, the four walls of a middle-class New England family as it changes with the years. (443 3800).

E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest parody of low-budget melodrama, starring Gary Houston as an ambitious young doctor, Shuko Akune as the receptionist and Lily Monkus as the authoritarian nurse. (327 5308).

Cinema

Good Woody—and Chaplin too

What is the difference between Charlie Chaplin and Leonard Zelig? Correct, Chaplin is world-famous, whereas most people have never heard of Leonard Zelig. Furthermore, unlike Chaplin, Zelig never existed.

But these two have been the twin hits of the 1983 Venice Film Festival. Chaplin's "lost footage" has received the attention of Kevin Brownlow, an event as momentous in this century as a Greek archaeological site receiving the attention of Schliemann. And the lost life of Leonard Zelig has been uproariously pieced together by Woody Allen in his new film called *Zelig*.

Both movies hit the Lido di Venezia on a wet and windy day when the critics were snarling at the Hotel Des Bains and festival-goers were snarling at an over-busy schedule. *Zelig* is Woody Allen's best film to date. Using a Citizen Kane-like assemblage of archive footage, pastiche newsreels and grainy in-period dramatized scenes, he recounts the whirlwind between-war notoriety of an unassuming little man (Allen as Zelig) acclaimed for his chameleon personality. Put Zelig next to a Red Indian, and he will turn into a Red Indian. Put him next to Herbert Hoover and he starts to become a chisel-featured Presidential look-alike.

Why? Because Zelig likes to fit in and be liked. Enter pay-dirtist Mia Farrow, closely followed by the newshounds of the world. Enter also a roster of present-day Red-style "witnesses" who discuss the Zelig phenomenon from a 1980s

standpoint. (They include, with straight faces, Saul Bellow and Susan Sontag.)

The film's comic collage is magnificent. There is a disrupted Hitler rally (Zelig popping up among the brown-shirts), a frantically fashionable dance or two (the "Chameleon"), a frantically fragmentary song or two (Cole Porter wrote "You're the Top, you're Leonard Zelig," but couldn't

how-it's-done mop and mow for the leading ladies).

With a madness that must be considered uniquely Italian, the Venice festival showed a French-dubbed videotape version of this film. We were thus subjected to wobbly visuals and to interviews in which old Chaplin associates reminiscing today—including leading actresses from *The Gold Rush* and *City Lights*—were infuriatingly

Fanny Ardant and Geraldine Chaplin wander through parallel parables set in a 19th-century castle in the Ardennes—one tale in the 18th-century, the other now—and everyone keeps bursting into song in the film except opera star Ruggero Raimondi as the castle-builder, who is the one person one might want to.

There are sudden scurries of folklore; surreal scenes with cartoon-like decor; and many throwaway allusions to other films, not least Resnais's own. But the Paris don't add up to any comprehensible whole.

Nigel Andrews reports on the Venice Film Festival, and John Pym reviews the new releases in London.

In the also-rans section, a warm word for Carroll Ballard's skittish and elliptical *Never Cry Wolf*, where Charles Martin Smith plays a young biologist studying wolves in the frozen North. This is that rarity, a Disney nature film with more wit than wisecracks.

And East Germany's *The Sentences*, directed by Franz Beyer, is another rarity, a prison film with a taut, tragicomic grasp of psychological cruelty. It screws more horror from a man's near-drowning in a cellar of "kapusta" (chopped cabbage) than all the statutory headlines and rapings of such as *Misfist* or *Pyrexia*. Costa-Gavras's *Hanno K*, by contrast, has little grasp of anything in its tale of a crusading Jewish-American lawyer (Bill Clayburgh) adding—like the film itself—in a level of missing a miss.

Still to come at Venice, new films from Fellini, Godard, Altman, Kluge and many distinguished others. Keep watching this space.

over-voiced in French. Thames TV viewers will not have this problem and are in for a treat. The rest of the festival, though stuffed with conjurable names, has so far been a case of rabbits refusing to rise from top hats. Kon Ichikawa spirals forth a little but banally in *Sasame Yuki*, a 24-hour Oriental soap opera. Four look-alike sisters whose separate stories and identities are impossible to keep clear in one's head, chatter and emotive amid sun-bathed interiors and the ladies' own spectacular wardrobes. You come out humming the kimonos.

Alain Resnais's *La Vie Est Un Roman* is more Byzantine but no less rebarbative. Intrepid though we critics are, ready to tear off our shirts and reveal vests emblazoned with "S" for super-powers, sometimes we meet a piece of impenetrable Kryptonite. Vittorio Gassman,

The Darby and Joan of L.A.



Kevin Kline in 'The Pirates of Penzance'

Return Engagement (15)
Screen on the Green
The Pirates of Penzance (U)
Classic, Shaftesbury Ave.
Cambridge Animation Festival
Arts Cinema

Return Engagement takes as its starting point a travelling showbiz entertainment (the stopover here is Los Angeles) featuring the unlikely double of Kevin Kline and Liddy. G. Gordon Liddy, its object, however, is not to surrender the floor to these two genial, opposed ideologues. Incombatants - now, rather respected veterans - but to use the engagement - Liddy the burglar of Watergate vs. Leary the guinea-pig of a thousand and one mind-expanding substances—as a vehicle to recast the history of the United States.

Alan Rudolph, the director, worked with Robert Altman on several films including, in particular, *The Long Goodbye*. Rudolph's *Return Engagement* is a similar mesmeric reflection of the Californian way. More significantly, however, Rudolph was assistant director on *Nashville* and co-author of *Barfly* and the *Fading* two history lessons, the latter told through participants turned, as here, sideshow performers.

This being L.A., Liddy the ex-prosecuting lawyer (it was he who in the sixties first put the cuffs on Leary, hence the title) and Leary the ex-college professor spar with a dispassionate mellow ease. All real passion is spent. They behave, someone remarks, like an old married couple. They are content, after the vicissitudes of the past 20 years, when they represented the Drug Culture and the American Way, merely to entertain, to enjoy their slightly tainted celebrity in the Californian sun. People pay to

see them, because, goad, it seems, has only increased their cockiness.

What gives this singular film its edge is that it is clearly not as mellow as these two equable and in many ways disarmingly attractive men would have us believe. Leary has no answer for a man who was blinded by gummen on a "bad trip"; Liddy, ever his country's loyal servant, can dispassionately discuss how he was assigned to weigh the pros and cons of murdering a famous newspaper columnist, but overall singularly fails to justify his past criminality.

Both men have their positions as the most ultimately register as deeply untrustworthy. They resolutely refuse to come to terms with what they once peddled seriously and what they continue to profit from. Liddy, the ex-con turned author, disingenuously lines himself up with O. Henry, Defoe and Anwar Sadat; Leary, the fluffer of the pair, claims to be the cheerleader for the postwar generation. Of course they have their reasons, and one is half-inclined to be-

lieve them. Creatures from another age; telling exhibits for today's high-school seniors — who, thank heaven, appear not to be taken in.

Joseph Papp's production of *The Pirates of Penzance* was a runaway hit as irreverently performed by the New York Shakespeare Festival. It proceeded to Broadway and thence, unimpaired, into a stagebound film directed by its adaptor Wilford Leach. Its release has been much delayed.

Angela Lansbury, always watchable, is a spirited Ruth (and had I been Frederic I would unhesitatingly have plumped for her over Linda Ronstadt's simpering Mabel); Kevin Kline's Pirate King performs prodigious acrobatics in his opening number (no doubt dazzling on stage, but here obvious examples of cinematic trickery); and Tony Azito as the Sergeant twirls his limbs with fizzy exuberance. A number has been interpolated from H.M. Pinter's and there is a merry conceit at the end when the pirates break through into a production of that comic opera being performed in the

time-honoured — and, the film-makers would have us believe, fusilian — manner at the Penzance Pavilion.

Whatever new life the production may once have had, it has seeped away in the transition from Broadway to Shakespeare. The Savoyard are gaudy, but with relentless self-satisfaction. Do we really want a Frederic transformed at one moment into Elvis Presley? Shakespeare on stage is tough enough to withstand this brand of hanky-panky; *The Pirates of Penzance*, a shabby vessel at the best of times and one woefully unsuited to the wide cinematic seas, is most certainly not.

"Animation and Persuasion" is the central theme of this year's multifarious Cambridge Animation Festival. It is backed by Channel 4 and runs from Tuesday through Sunday. Some of the material is familiar — although in the case of *Fica Don*, the Japanese film on the bombing of Hiroshima, familiarity does not diminish impact — but most, judging from the informative festival book, is not. There is also a large programme of Independent American works.

Among the rarities are several examples of Warner Bros Second World War propaganda cartoons: Frank Tashlin's *Plane Daffy*, in which the duck takes on the Nazis; and Fritz Freleng's *Bugs Bunny Wins the Nips*, in which the shipwrecked Rabbit exultantly disposes of all Japanese comers. Also included are British and German propaganda films from the First World War, and from the Archive of the Imperial War Museum Dr Churhill, an Italian picture of 1941, which suggests that in the art of caricature Hollywood won hands down and that in cartoon terms at least humour paid larger dividends than attempts to intimidate.

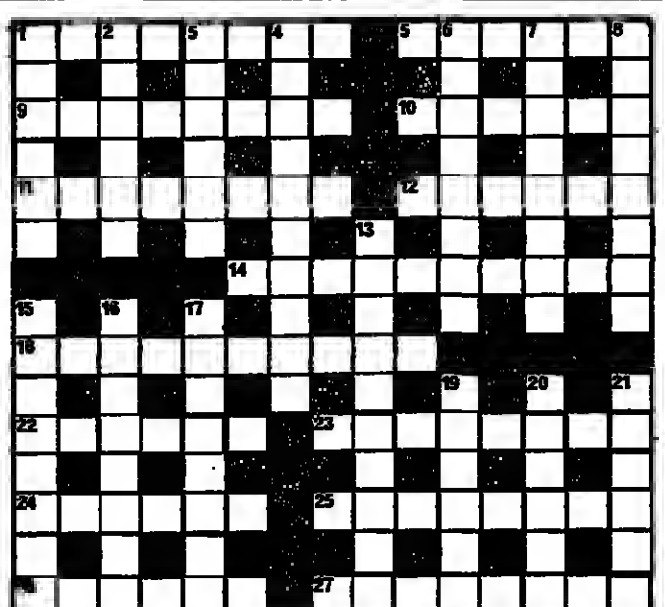
F.T. CROSSWORD PUZZLE No. 5,212

ACROSS

- River flowing back in contempt for future harvest? (4)
- Long piece of writing for the board (6)
- The energy when mother speed round is used to make cake (8)
- The shrub for a drink (6)
- Teat and add dash to speed (8)
- Plot to beat madhouse (8)
- Kind of trust in ceremonial garb (10)
- Great piper, discordant — he's not the power he seems (5, 5)
- Existence of personality I'd omitted (6)
- Angle after valuable stuff, pet (8)
- There'll be conflict, if rest's disturbed (6)
- Actor round the pit to become overbearing? (8)
- Is the answer to change Ulster? (6)
- Sort of light water-supplier? Particularly healthy (4, 4)

DOWN

- Is time scattered as quick as a flash, for example? (6)
- Improve quality in French, Buddy? (8)
- Town announcers associated with waterworks (6)
- No synthetic sport here! (4, 6)



6 In the main, part of escort (8)

7 Once taxed and praised (8)

8 Ill fated man is a very handicapped one (4-4)

9 Formerly present until tea-time, it is said (10)

10 Settler-traveller one up round vegetables (8)

11 They've jumped up arrogantly (8)

12 Sorrowful with time over (Not a lie) (8)

13 D.I.Y. to 500 could be something strange (6)

14 In charge in river—a kind of creed (6)

Editor's Proof

Hundreds of newspapers and magazines in 35 countries are already using the Financial Times Syndication Service.

The FT Syndication Service provides publications of all sizes with access to the FT's worldwide news-gathering resources and unrivalled editorial expertise.

As a subscriber, your publication could benefit in several ways. You could receive a constant flow of international and City news. You could report on the FT itself as well as using specially-prepared syndicated articles.

To find out more, please contact our Syndication Manager, Dennis Kiley, at Bracken House, 10 Cannon Street, London, EC4A 3BY, United Kingdom. Tel: London 248.8000.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
 Telegrams: Finantime, London PS4, Telex: 8954871
 Telephone: 01-248 8000

Friday September 9 1983

New political landscape

WHEN the British Parliament went into its summer holidays, the political mood was still one of post-election fever. The sudden general election had come and gone leaving a Conservative Party with an unusually large majority. Mr Roy Jenkins gave way as leader of the Social Democratic Party to Dr David Owen and Mr Michael Foot began to bow out as leader of the Labour Party. The Government, for its part, reacted largely by resurrecting the legislative programme that would have gone forward in any case, but there had been an election in June. Politicians were thinking about the recent past, at best about the present, hardly at all about the future.

The TUC Conference in Blackpool this week has been the first reminder of how much the political map may be changing. Not only did the unions appear to loosen their bonds to the Labour Party; they also seemed to be dropping their role as the alternative government. A central fact has been assimilated: the general election is over and there is unlikely to be another for at least four years. British politics are now a question of adjustment to that situation. The unions have already made a start.

Huge majority

The political season proper, however, begins with the Social Democrats at their Conference in Salford which opens on Sunday. They will be followed by the Liberals in Harrogate, Labour in Brighton and the Tories in Blackpool. All parties need to take account of the new landscape, which is essentially this: the Government has a huge majority in Parliament, though because of the British electoral system, less obviously so in the country. Traditional left-wing approaches, such as much greater state intervention in the economy, were rejected by a large section of the electorate. But at the same time the economic situation remains as difficult as ever, despite the cushion of North Sea oil. And, whatever the general election results, the electorate remains volatile.

The problem for the Liberals and Social Democrats is how to reconcile their low representation in Parliament with their success in terms of votes. The summer has been marked by all sorts of quarrels both within and between the two parties.

Far to go over Gibraltar

NOTHING of substance was achieved by the meeting in Madrid this week between the British and Spanish foreign ministers that does not mean that the talks were pointless. Besides agreeing to meet again later this month, both sides registered an improvement in the atmosphere—something that is welcome after the frosty air left behind in March when Sir Fernando Moran visited London.

It is undesirable for relations between two Nato allies and prospective partners in the European Economic Community to be overshadowed by an issue of limited scope, such as that of Gibraltar—however strong the emotional overtones for both Spaniards and Britons. Diplomatic discretion appears to have induced Sir Geoffrey Howe not to revive the greater Spanish role at Gibraltar if Madrid were to take a less ambiguous attitude towards Nato. The Socialist Spanish Premier, Sr Felipe Gonzalez, has undertaken to hold a referendum in 1985 on continued membership. At present he proposes that the Government should not take sides, though his party is likely to come down against Nato. There is reason there for considerable concern.

Diplomacy

The immediate issue is whether Spain should lift the remaining restrictions on crossing the Spanish-Gibraltar border, as appeared to be promised in the Anglo-Spanish election statement of 1980. In the same statement Britain agreed to talks on the "whole" Gibraltar problem. To Madrid that means talks on an eventual transfer of sovereignty over Gibraltar; to London it does not.

Such niceties do have their rightful place in the art of diplomacy; but, both on grounds of humanity and of statecraft, the Spanish Government ought to take a more generous view. Closing borders is a political weapon more in keeping with the political philosophy of the Franco regime, which sealed off the border in 1969, than that of a freely elected, democratic government.

More important, the Spanish Government has become aware of the fact that its best hope for eventually making good its claim to Gibraltar is to gain the confidence and acquiescence of the 27,000 Gibraltarians. Restrictions on crossing the border will not help Spain with this task.

The attitude of the Gibraltarians is central to the issue since Britain is committed not to permit a change of sovereignty over the colony against their wishes. There is no doubt of the firmly pro-British views of the Gibraltarians. Nobody need be surprised, since two-thirds of the colony's national income derives from the British Government in one way or another.

Gibraltarians will have to consider carefully whether, in the long run, their status as quasi-pensioners of the British Government is desirable and, indeed, assured. The British decision to close the naval dockyard at Gibraltar, turning it into a smaller commercial operation, has come as a nasty shock.

Spain should bear in mind that not only Britain but the entire West could more easily accept a greater Spanish role at Gibraltar if Madrid were to take a less ambiguous attitude towards Nato. The Socialist Spanish Premier, Sr Felipe Gonzalez, has undertaken to hold a referendum in 1985 on continued membership. At present he proposes that the Government should not take sides, though his party is likely to come down against Nato. There is reason there for considerable concern.

Gibraltar retains more than a residual military role. It can monitor traffic through the straits that give the U.S. Navy access to the Mediterranean and important parts of the Soviet fleet access to the oceans. This is an ability that Nato cannot afford to let slip from its grasp. In political terms, too, host of questions would be raised if Spain were to opt out of Nato.

Consensus

The status of Gibraltar as a colony on western European shores is, undeniably, an anachronism. By insisting on the agreement of the Gibraltarians before any change of sovereignty, Britain has, implicitly, recognised that such a change may eventually be made. We should like this to occur in its own good time by consensus of the three parties involved: London, Madrid, and the Gibraltarians. But before such consensus can be reached Spain will have to reconsider both its tactics and strategy.

THERE THEY sat, row after row of faces in the fading Winter Garden maio hall, the majority gazing a little in the service of the movement, squinting into the TV lights across the banks of cameras. They were listening to a squat barrel of a man, an East End electrician's leader who told them: "We will have to appeal to the new working class."

It is perhaps too simplistic to sum up this very remarkable 115th Congress of Britain's unions through the rise and fall, the triumphs and humiliations, of those who compete for dominance within them.

But this has been a conference more easily described through its leading personalities than most. Its proceedings have been dominated by the powerful bulk of Frank Chapple, the electrician's leader. It is a coincidence that he should preside over a congress in which a main theme—listen to your members—has been so much his own. But it is fitting and symbolic too.

There is another, perhaps equally fitting symbol: a year ago, the floor of the Brighton Congress rose, brightened, to Arthur Scargill, the Miners' president, as he pledged solidarity with Health Service workers.

Yet this week in Blackpool another Solidarity has badly damaged Mr Scargill, exposing him as an opponent of those workers who have the temerity to challenge a Socialist state, and a Civil Service union leader drew a deep rumble of assent when he cut in to the Scargill mystique with the flat observation that his militancy was built on the sand of indifference, cautious and calculating members—just like anybody else's.

The succession of events we have witnessed in the Winter Gardens began with Mr Chapple's own speech which summarised what he has been saying for years.

He told the 1,100 delegates: "Threats to destroy elected governments are not only infantile, but they are also a dangerous boomerang, alienating us from our members as well as threatening the only type of society that guarantees our own freedom."

Again: "If we appear to equivocate between freedom and totalitarianism, we will injure ourselves and the values which founded our movement. I hope that we use this week to renew our pact with the people from which we spring and emerge with the strength that the 21st century will require."

These sentiments scarcely seem controversial. But in union conference circles they are, not just because many in the left do not subscribe—or only subscribe conditionally—to the rules of liberal bourgeois democracy, but because they can be used as a stick to beat Left-wingers, but also because the last decade of British political life has seen the unions play a large role in precisely such a destruction of elected governments.

Counter move

A key figure in plans to create a new central co-operative trading group with sales of some £50m a year emerged yesterday. He is 57-year-old William Farrow, currently chief executive of United Co-operative, but who from the end of October will take over at Co-operative Retail Services, the largest retail co-op in Britain.

The CRS is traditionally the "ambulance" of the co-op movement, taking over retail societies while get into trading difficulties. A couple of years ago, it tended the ailing London Co-op, instituting a ruthless rationalisation programme to keep it alive.

Farrow's main task now, however, will be to steer through the proposed merger of the CRS, with sales of £10m a year, and the Manchester-based Co-operative Wholesale Society, which has an annual turnover of £20m.

The aim is to form a "super co-op" that would give the movement a chance to fight back against the steady encroachments of competitors like Tesco and Sainsbury.

A quietly-spoken but tough Northerner, Farrow is a past chairman of the CWS and still a board member. That should help him form an effective partnership with Dennis Landan, CWS chief executive, though no top management structure has yet been devised for the new group when it is formed some time next year.

Workmates

Sanwa Bank of Japan shows some concern in its latest newsletter over the shape of women's employment in the country. The pattern, it believes, may be changing "from an M-shaped curve to a trapezoidal-shape curve."

In other words, more women are taking full-time jobs and



Key figures at Blackpool this week: (from left) Arthur Scargill of the NUM; Len Murray, TUC secretary general; Frank Chapple, TUC president; and Alistair Graham of the CPGB

The speech, rational and clumsily delivered, was par for Frank Chapple's course; wholly unexpected was the response. It was not booed, heckled or drowned.

One was forced to the surprising conclusion, sitting among them, that the delegates were listening and that Mr Chapple's opponents, as unforgiving to him as he to them, sensed this and knew that a larger display of hostility might be bidly received.

Mr Chapple's chairmanship has debarred him from further activity. But Len Murray, uncharacteristically, has not this time allowed his general secretary's post to act as a censor upon him. This has been Mr Murray's congress, too: the public confirmation that this high-profile, low-profile man, whose self-definition is as the Labour movement's permanent secretary, has gathered his energies for a new burst of creativity in the last years at his post.

Mr Murray's bedrock has always been the absolute need for unions to be representative of their members and to represent them to government. He has not appeared suited to the period of being out in the cold. He certainly came in with a vengeance.

"Are we saying that the result of the General Election doesn't make a scrap of difference to how we campaign and how we oppose?" he asked, his grey beard thrust forward into the silent hall. "Are we deaf?" and, most telling, "Can you deliver your message?"

Mr Murray has defined the watershed: underscored that things are not now the same. "Ever since 1945 we have made two fundamental assumptions. The first was that everyone saw the unions play a large role in precisely such a destruction of elected governments."

As that happened in the U.S., the bank warns, "numerous other phenomena" appeared—a rise in the proportion of white women, decline in the birth rate, an increase in divorce and in the number of women living alone.

"In the long run, this may also lead to the erosion of the vitality of the nation," the bank says. It calls for government guidance and a flexible response from industry to help women combine a career with a family life. "If left to the individual, Japan will follow the same course as the United States," the bank predicts.

Peacock's flight

Australia's former foreign minister, Andrew Peacock, nicknamed by politicians "Down Under as Gucci Boots" because of his male model good looks, Italian suits, and footwear, has graced the pages of several glossy magazines as one of the world's most eligible men. Not any more.

After attending the Australian parliament in Canberra yesterday he and former finance minister John Howard, and former deputy prime minister Doug Anthony, left through a back door, drove 60 miles to a ski resort, and then took a light aircraft through heavy rainstorms to Melbourne for what was intended to be the surprise wedding of the year.

But by the time Peacock turned up at church to marry his former secretary, Margaret St George, now a Melbourne business consultant, the news was out and the press was there in force.

The mole responsible for this political leak turned out to be none other than the Prime Minister, Bob Hawke. Back in Canberra he had blown the

second was that the Welfare State was accepted as a binding force in our society. Now these assumptions have been called into question. We have to win back ground that we assumed was safe forever."

The general secretary's willingness to take it on the chin was no Quixotic act of courage; he knew he had the majority in the body of the hall—the ranks of the engineers, the local government officers, the elec-

tricians, and general municipal workers, most of the civil servants and white collar unions. The work of David Bassett, the municipal workers' leader underpinned his stance.

Of the very big unions, only the Transport and General Workers and the National Union of Public Employees remain doubtful of or openly hostile to the new direction.

Yet some at least of that opposition is rhetorical: the TGWU makes as pragmatic deals, declines as many hopeless fights, as any other.

In Nup's case, the left leadership of Rodney Bickerstaffe and Tom Sawyer is of a different hue from the conventional far left. Both are concerned to build bridges into the centre, and Mr Bickerstaffe's passionate speech in support of a minimum wage both restored to the hall some sense of

ability to carry into congress. He it was who dared to tell the ranks of Labour affiliates that they might be better off at a distance from the party they embrace—and, worse, that it might be better off too. He it was who rubbed salt in the wound was who tugged the rug from beneath Arthur Scargill. "Every time he gets on the TV screen about his members coming out on political action—and some of us are still waiting—the trade union movement falls lower and lower in public esteem." A civil servant lecturing a mineworker about his behaviour in this movement of ours? Truly astounding!

But once the grinning and congratulations are over and the TV circus rolls off in pursuit of political drama—what remains? And what will come of it?

What remains is a General Council dominated by the right

merical presentation company. As well as the train ride, it has laid on an audio-visual presentation, screened in the concert hall. Beneath it, playing an original soundtrack by Stanley Myers, is the Barbican's resident orchestra, the LSO.

With lunch and peripheral entertainment by jugglers and trapeze artists thrown in, Ford dealers, it is reckoned, will be ready to face the sales' fray

Since its first observance in 1967, the occasion has gradually been turned into a day of gourmandising. Restaurants confusingly offer "fasting menus" of huge proportions, featuring the "indispensable and succulent" speciality, prune tart.

All this coincided yesterday with a report that the Swiss absorb an average 3,200 calories each per day, whereas 2,500-3,000 would be quite sufficient.

The total population, it is calculated, drags around daily an "inert mass" of some 30,000 tons of fat.

Fares please...

When Stanstead airport was opened to the public on a recent weekend a DCS jetliner which operates a service to Nigeria was put on display. Contributing 20p for charity at the door you could walk through, see the cockpit, and leave through a second door.

At the end of the day cleaners found two Nigerians loaded with luggage sitting at the rear of the cabin.

What were they doing there? "We paid at the door and we're on our way to Lagos."

"Ford at the Barbican" is the work of imagination, a com-

separate ways, finding something to be traded unionist about—the low paid needed to be helped, and, perhaps cynically, they themselves could help the unions out of a policy out de sac.

The union's relations with the Labour Party are likewise uncertain: the extent of the likely distancing from the party has probably been rather over-stressed. Murray, in his introduction to the economic debate, referred to the continuing role of the TUC-Labour Party Liaison Committee (though not with great warmth).

The liaison committee will not however figure very large in the immediate future; and many on the Centre-Right believe that much of the good work they see as having been achieved in the past week will be undone at the Labour Party conference in Brighton next month. There is already a cooling-off between the unions and the party, and the new general council will emphasise that. Some unions will talk to Dr David Owen of the Social Democrats and in time perhaps that will seem like a routine matter.

But the Labour Party remains the prime focus of the unions' political life. For many like Mr Bassett the challenge is not how to shake off the party, but how to shake some sense into it, both by using the new centrist majority to get across feasible policies and by heading up the unions' presence in the constituencies to counter the influence of the far left. That will mean further tension and struggles: this time though the TUC has a better chance of prevailing.

This will put pressure on the incoming leadership of the Labour Party to swing their policies in towards the centre—a pressure which most of the leadership candidates have already conceded is implicit in the results of the general election. It is a lesson which Mr Neil Kinnock—who had a very quiet word with Len Murray when he visited Blackpool earlier this week—will not need to have rubbed in, but which might find some difficulty getting across.

It is also by no means an unambiguous one: motions on the EEC and disarmament went heavily the way of the left and it seems certain that most unions including many of those pressing for change will vote for Mr Neil Kinnock at the Labour Party Conference.

This is not the contradiction it appears: a diverse body like the TUC, with its 100-odd affiliates, moves at different speeds, on different matters, making different calculations and reflecting different priorities for right and left. A measure of the centre-right's strength in future will be its ability to change policies on Europe, nuclear weapons and other issues: a measure of the Left's resilience will be its ability to protect its positions.

The fight is not over: it is, as Mr Chapple has often observed, never over.

Men & Matters



"Bad tempered lot those 'Which?' testers"

may soon be challenging for work in traditional male preserves.

As that happened in the U.S., the bank warns, "numerous other phenomena" appeared—a rise in the proportion of white women, decline in the birth rate, an increase in divorce and in the number of women living alone.

"In the long run, this may also lead to the erosion of the vitality of the nation," the bank says. It calls for government guidance and a flexible response from industry to help women combine a career with a family life. "If left to the individual, Japan will follow the same course as the United States," the bank predicts.

Peacock's flight

Australia's former foreign minister, Andrew Peacock, nicknamed by politicians "Down Under as Gucci Boots" because of his male model good looks, Italian suits, and footwear, has graced the pages of several glossy magazines as one of the world's most eligible men. Not any more.

After attending the Australian parliament in Canberra yesterday he and former finance minister John Howard, and former deputy prime minister Doug Anthony, left through a back door, drove 60 miles to a ski resort, and then took a light aircraft through heavy rainstorms to Melbourne for what was intended to be the surprise wedding of the year.

But by the time Peacock turned up at church to marry his former secretary, Margaret St George, now a Melbourne business consultant, the news was out and the press was there in force.

The mole responsible for this political leak turned out to be none other than the Prime Minister, Bob Hawke. Back in Canberra he had blown the

merical presentation company. As well as the train ride, it has laid on an audio-visual presentation, screened in the concert hall. Beneath it, playing an original soundtrack by Stanley Myers, is the Barbican's resident orchestra, the LSO.

With lunch and peripheral entertainment by jugglers and trapeze artists thrown in, Ford dealers, it is reckoned, will be ready to face the sales' fray

Fat of the land

Since its first observance in 1967, the occasion has gradually been turned into a day of gourmandising. Restaurants confusingly offer "fasting menus" of huge proportions, featuring the "indispensable and succulent" speciality, prune tart.

All this coincided yesterday with a report that the Swiss absorb an average 3,200 calories each per day, whereas 2,500-3,000 would be quite sufficient.

The total population, it is calculated, drags around daily an "inert mass" of some 30,000 tons of fat.

Fares please...

When Stanstead airport was opened to the public on a recent weekend a DCS jetliner which operates a service to Nigeria was put on display. Contributing 20p for charity at the door you could walk through, see the cockpit, and leave through a second door.

At the end of the day cleaners found two Nigerians loaded with luggage sitting at the rear of the cabin.

What were they doing there? "We paid at the door and we're on our way to Lagos."

"Ford at the Barbican" is the work of imagination, a com-

Kakuzi LIMITED

COFFEE, TEA AND SISAL PLANTATIONS AND RANCHING IN KENYA

Extracts from the audited results for the year ended 28 February 1983

	28 Feb 1983	28 Feb 1982
Profit before tax	2,147,461	1,273,208
Profit after tax	1,174,552	713,228
Profit attributable to Kakuzi Ltd	937,273	619,538
Earnings per K.S.B. 5/- Stock Unit	Sh 1.55	Sh 0.96

Points from the Statement by the Chairman, Mr P. C. B. Benson M.B.E.

	*Coffee	*Tea	*Sisal	*Livestock
2,085 tonnes	2,000,162 kilos	617 tonnes	6,175 head	

Coffee: There is every indication that production in 1983/4 will be not less than in the previous two years. All operations are up to date.

Tea: The bad weather in the first half of the year produced disappointing yields. From September onwards the situation improved and a flush developed which exceeded the theoretical capacity of the factory.

Sisal: The leaf-cutting rights agreement is working to the benefit of both parties. The release of cash from the capital employed has enabled us to effect many capital improvements.

Livestock: Fewer sales of cattle fetched better prices and the herd is looking well.

Dividend: Proposed final dividend of 9% making 15% for the year. (Equivalent to 30% on last year's capital.)

Outlook: Short-term prospects are good with improved average prices for both coffee and tea.

The Company's shares are listed in the Financial Times under "Finance, Land etc."

Copies of the Annual Report are available from the Secretaries, Estates Services Ltd, P.O. Box 30572, Nairobi, Kenya or from Quilter Goodison & Co.

Garrard House, 31/45 Gresham Street, London EC2V 7LH

Observer

Alan Friedman interviews Robin Leigh-Pemberton, Governor of the Bank of England

'Lucky enough to have a job like this'

AT A FEW minutes past nine last Thursday morning, a tall, solitary figure in modest grey attire wandered out of the building near St Paul's Cathedral which houses his flat and strolled eastward, to the imposing Threadneedle Street headquarters of the Bank of England.

Mr Robin Leigh-Pemberton—old Etonian, ex-Grenadier Guard, Lord Lieutenant of National Westminster Bank who considers himself "lucky to have a job like this"—was on his way to work. Unlike Lord Richardson, his predecessor as Governor, Mr Leigh-Pemberton uses the official residence at New Change and takes less than 10 minutes to walk to his office.

It is highly unusual for any Governor of Britain's central bank to invite outsiders to his office and provide a detailed view of his day, but this is what Mr Leigh-Pemberton did last week. In the past the Bank of England has been aloof, secretive and at times downright arrogant, but the new Governor seems determined to allow more light to shine on the workings

appointments schedule. It was to be a busy day.

Reading the myriad reports and briefing papers is something which "comes easily" to the Governor. "Anyone who has practised at the Bar gets used to it," he says.

After the Governor's Private Secretary—GPS—to colleagues inside the Bank—had left, Mr Leigh-Pemberton spent 30 minutes dictating correspondence to his personal secretary. By 10.30, he was ready for his first engagement of the day, a visit from the Government Broker.

"The Government Broker's visit is one of several routine visits each week. He tells me how he sees the market and its developments and I tell him about the Government's hopes and aspirations in its funding programme," explains the Governor.

But this exchange of views went rather quickly last Thursday, for the Broker's visit lasted just ten minutes. It was then time for one of the key meetings of the day, a daily assembly of senior Bank officials in the Governor's office, known by the anachronistic name of "Books."

"Books" is a name which is derived from the days before the 1944 nationalisation of the Bank, when each morning the commercial accounts (or books) of the Bank were presented to the Governor for inspection. Nowadays it is the general staff meeting which brings together department heads who report to the Governor on the money markets, gilt-edged securities, foreign exchange market, overseas affairs, domestic banking supervision and UK industrial outlook.

Determined to allow more light to shine

of the 200-year-old institution has headed since July.

The light is not going to illuminate every corner though. For example, Mr Leigh-Pemberton became distinctly uneasy when pressed on matters relating to international debt problems. He does not wish to make major policy statements on this subject yet. Nonetheless, the new Governor seems to relish the chance to sweep away some of the mystique that has traditionally surrounded his office.

By half past nine the Governor was seated at his Georgian mahogany writing table, his Private Secretary, John Bartlett, at his side. Mr Bartlett, who has been working for the Governor since last February, is the first and last person to see Mr Leigh-Pemberton each day. He is usually in the Bank before the Governor arrives in his high-ceilinged, ground floor office, and almost always stays on after he departs. Last Thursday, as usual, Mr Bartlett provided the day's working papers and

can be at such brief tete-a-tetes between the Governor and senior Bank officials that key policy decisions are ironed out. The detailed considerations are generally complete by the time such chats take place, and the



The new Governor seems to relish the chance to sweep away some of the job's mystique

Governor has been briefed and is in a position to take a view on the subject in question.

Last Thursday morning Books ended at 11.15 and Mr Kit McMahon, deputy governor, stayed on for a quarter of an hour to discuss various matters of internal Bank administration and other items which would arise at the weekly meeting of the Court, the nearest the Bank comes to a board of directors.

"We finalised a few ideas," says Mr Leigh-Pemberton. At half past eleven the Governor convened the weekly session of the Committee of Treasury, the most senior committee of the Court. In attendance were the deputy governor and five non-executive Bank directors. What is the work of this committee?

"It is a small and highly confidential committee, a sort of cabinet really, which help the Governor. It is the committee where I have preliminary discussions on matters which will subsequently come to the Court," explains Mr Leigh-Pemberton.

Finally, at midday on Thursday, the Governor left his ground-floor office for the first time and walked upstairs to the "architecturally very impressive" meeting room of the Court.

For a little over an hour, the Governor and 15 Bank directors engaged in the making of policy. Mr Leigh-Pemberton has provided this narrative of last Thursday's meeting of the Court:

"We started with major changes in the Bank's assets and liabilities and changes in note circulation. Then we moved on to a discussion of money markets, gilts and foreign exchange. We then discussed the domestic economy. Other than foreign exchange, we did not touch on overseas matters."

"We then discussed the progress of talks with the Chairman of the Stock Exchange and the Department of Trade and Industry. We considered the implications of the very substantial monitoring role the Bank is going to have to exercise over the Stock Exchange. This is going to be a major responsibility for us, and I think we shall have to acquire a degree of extra knowledge and detail."

Then, leaning forward in his chair and speaking in a slightly hushed voice, Mr Leigh-Pemberton added: "And I feel quite clearly that we are the right organisation to do this."

After the Court was adjourned, the Governor was lunching with a dozen directors of the Bank, one of the two or three lunches he hosts inside the Bank each week.

Although last Thursday afternoon was taken up with a meeting of the Bank's audit committee, an interview with representatives of the discount market ("another of these routine meetings with people from the City") and the reading of briefing papers on this Monday's monthly Bank for International Settlements meeting in Basle, the Governor said he generally has "a fairly constant flow of visitors from overseas and from leading industrialists."

The institution is more relaxed

He speaks to the Chancellor once a week, but has only held one meeting with Mrs Thatcher since taking office in July, mainly because both the Governor and the Prime Minister were on holiday for part of last month.

Would the Governor expect to be in more frequent touch with the Treasury and Downing Street in times of financial crisis? Yes, indeed, said Mr Leigh-Pemberton, but added that "there hasn't been one" since he took over from Lord Richardson.

What was the Governor's day like in early August when the British Government stopped UK banks from signing a \$1.5bn commercial loan for Argentina until the IMF convened a special meeting to declare its satisfaction with the lifting of sanctions against British companies?

"It was a busy day. I am always impressed that modern communications can be so prompt, from here to the Fed and to the Chancellor. I spoke several times with Paul Volcker and with the Chancellor, who was in the countryside in

Leicestershire, but even so could be got."

Mr Leigh-Pemberton said the Government took the view that British firms should be able to recruit profits from Argentina before the loan went ahead. He would also not be drawn on the issue of whether the Bank implemented or originated policy in the Argentine loan saga, saying only that the Bank "contributed" to policy.

Moving away from policy matters, Mr Leigh-Pemberton becomes ever more reticent. What is his social life like? He says he must attend official dinners two or three times a week. "I don't socialise very much. Anybody who is lucky enough to have this job must accept certain limitations on their social life," he explains.

At weekends he goes down to his wife and family at Torry Hill, his 2,500 acre farm (complete with private model steam railway) in Kent. He expects to spend most nights during the week at the New Change flat

The institution is more relaxed

this winter, and reckons he will read most of the documents from his dispatch case in the evenings rather than before work in the morning.

The Governor is not much interested in television, or for that matter in newspapers (he says he glances "only briefly" at the Financial Times and the Times). "I don't see very much ordinary television, but I can't say I regret it. Whenever I do watch something I always have to ask 'Who's that meant to be?' and I am generally told about the character."

It seems a busy life, but Bank insiders say the institution is more relaxed than under Lord Richardson. The new Governor likes to delegate responsibility, and from various reports appears to have adopted the kind of managerial approach which marks the Administration of President Reagan.

How does he like the job so far? "I find my days here extremely agreeable," answers Robin Leigh-Pemberton, with one of those smiles of total equanimity for which he is so well known.

Lombard

Chrysler's return to life

By Richard Lambert

IN THE next few days, if all goes to plan, the curtain will come down on the dramatic story of Chrysler's bail-out by the U.S. Government. The U.S. Treasury will sell its stock warrants in the revitalised car group and will realise a substantial profit on behalf of the taxpayer.

This Lazarus like recovery must make even the most ardent free-marketier give at least a passing thought to whether governments may have a role to play in giving the kiss of life to a dying company. From almost every standpoint, the decision to rescue Chrysler has turned out well.

The bail-out has been an unqualified blessing for a large number of creditors, suppliers, stockholders, employees, and communities. Although quite substantial parts of the company would probably have survived a bankruptcy or a forced merger, the short-term dislocation would have been considerable even for the survivors.

This has been achieved at no cost to the taxpayer. The federal support took the form of loan guarantees, in return for which the company had to pay a fee and hand over what was turned out to be extremely fruitful stock warrants.

It is true that the survival of the company has had an adverse—although unquantifiable—impact on Ford and General Motors, which would have expected to pick up a part of its market share if Chrysler had failed. But in terms of the general public interest, this penalty has to be balanced against the fact that a vigorously independent Chrysler gives the car-buying public a wider choice than would otherwise have been the case.

Is this just a lucky fluke? Hardly. Chrysler has had some good breaks—for instance, the bull market has enabled it to rebuild its balance sheet much sooner than it could have dared to hope, and car-buying fashions started to move its way at just the right moment. But against that, the company had to cope with what in 1982 was the

worst domestic car market for 21 years.

The key to the turnaround was that in its darkest hour it had an innovative new line of cars coming into production, which were to have a big success in the marketplace. In addition, the federal loan guarantees were conditional on major financial concessions and active support on the part of everyone interested in Chrysler's survival.

With this requirement to concentrate their minds, suppliers reined in their prices, lenders agreed to major balance sheet restructurings, and employees, represented by the powerful United Auto Workers union, not only accepted big reductions in their income but also kept on working through a painful period of plant closures. Overall, Chrysler was able to cut its break-even point in half during the space of three years.

The question is whether this radical reorganisation could have taken place without the intervention of the Federal Government. With the benefits of hindsight, the banks would have done better to leave Uncle Sam out of the action, and impose their own harsh conditions on the extension of further loans.

In the past two or three years, the banks have gained a lot more experience in handling the big corporate disaster. The kind of out-of-court reorganisation which is now taking place at International Harvester is a case in point. But remembering the level of panic and demoralisation when Chrysler was on the brink, it is hard to think that the banks would act much differently if they were to be faced with a similar crisis today.

The bail-out was more an act of political expediency than of economic foresight. It would not have worked if the company had continued to lose market share, or to carry a hopelessly uncompetitive level of overheads. But in the event, the Government offered a vital breathing space which no other institution was willing to provide.

Letters to the Editor

Basic universal precepts for inflation accounting

From Mr J. Woodthorpe

Sir,—It is to be hoped that Mr Ian Davidson, chairman of the Accounting Standards Committee, is not in danger of throwing the baby out with the bath water in abandoning SSAP 16 and developing a new accounting standard for inflation (Alison Hogan's article September 5). While people may be bored with devising an effective standard, they will not go away just for that reason.

It is reassuring to read that a new standard will contain "the most basic and universal precepts." A standard that reflects these should clearly recognise that purchasing power is reduced by inflation; assets can also increase in value through inflation and even give rise to real income—at least on paper; tax should be based on real income and dividends should not be paid out of capital, or at least shareholders should be made aware when

they are paid out of reserves. These precepts and which could be incorporated in the statutory accounts, might be as follows:

Historic ie book profits before tax	30
Asset revaluation gain	8
Nominal income	38
Capital maintenance charge	21
Real income	17
Tax	10
Available for dividends	7
Dividends	12
Reduction in reserves	(5)

Such a presentation recognises that income should be neither understated nor overstated in both management and shareholders are to make correct decisions. Consequently asset revaluation would include both stock adjustment for inflation, as well as any increase

(decrease) in net asset replacement values. The capital maintenance charge would keep shareholders' equity intact against general inflation—measured by the GDP deflator, perhaps, rather than RPI and applied to year opening shareholders' funds—and allow real income to be identified. The charge would be credited to a capital maintenance reserve on the balance sheet, where it would be unavailable for dividend.

The division of real income between shareholders and the Inland Revenue would be evident, and might eventually persuade the Revenue to revise its rules according to the policy would also be quite explicit, and shareholders—in other words the institutions—could decide whether they were in favour of a distribution of past reserves or not.

John Woodthorpe,
74, St James's Street.

The Brazilian cliffhanger

From Mr G. Pack

Sir,—Your editorial, "The Brazilian cliffhanger" (August 30) came as a welcome reminder that, notwithstanding the assertions of impending financial disaster that emanate from a variety of commentators with respect to the sovereign debt crisis, the process of adjustment to sustainable levels of debt has already begun in Mexico and will begin, hopefully, to take effect in Brazil as and when the economic and financial measures currently being recommended by the International Monetary Fund are implemented.

As you correctly point out, Mexico's current debt levels are not significantly out of line with its 1980 current account surplus to date and are supportable based on this factor alone. While the process of adjustment will be more difficult for Brazil, it is not implausible to see a trade surplus of \$2-3bn for 1984, bringing it too into line on an arithmetical basis at present interest rates. This is not to underestimate the social and economic problems inherent in such adjustment for both Brazil and Mexico.

As confidence returns, and we are seeing early signs of this in Mexico, it is important that sovereign risk lending be conducted more on such basic lending principles as cash flow and repayment ability and less upon such intangibles as the future potential of a given country. This way we should see the emergence of a more mature market, with benefits to both lender and borrower.

Geoffrey N. Pack
67, Hilltop Drive,
Chappaqua, New York 10514
U.S.A.

Burning straw and pollution

From Mr I. Readman

Sir,—Aggrieved householders are surely entitled to recompense from their insurance companies in respect of damage to paintwork and furnishings from clouds of soot released by irresponsible straw-burning farmers. In turn, cannot the insurance companies recoup their losses by upping the premiums of an agricultural community made rich by food prices, subsidised way above world levels by these self-same suffering householders.

Ian W. Readman,
The Old School,
Minton,
Nr Horncastle,
Lincolnshire.

Health services expenditure

From the Chairman, Research Council for Complementary Medicine

Sir,—Expenditure on our health services has recently been the subject of correspondence, most of which has centred on the question of reducing costs through improved administrative efficiency.

Administration is, of course, a relevant and important matter but I should like to refer to another area of expenditure which implies as directly upon patient welfare—that of the nature of medical care.

Public and medical interest in complementary practices such as acupuncture, osteopathy, homeopathy and others, is rapidly increasing. Yet, despite calls from many quarters for research into these therapies and techniques, little or none is being funded by government, industry or private trusts.

The British Medical Association has recently announced the creation of a working party to investigate the value of alternative medicine and has called for information from therapists and the public. This initiative, which comes at a most appropriate time, is an essential counterpart to the initiation of a properly structured and supervised programme of research in this field.

It is our belief that the systematic evaluation of these practices, whether leading to validation or discreditation, will result in enhanced benefit and/or protection for the public, with

consequent direct and indirect economic advantage.
(Dr) Richard D. Tonkin,
37, Bedford Square, WCI.

Local government spending targets

From the Financial Adviser, Welsh Counties Committee

Sir,—I have just caught up with the letter from Mr Ioan Bowen Rees (August 31) under the heading "Determining local government spending targets." There is much in Mr Rees' letter that I would wholeheartedly support. The recent Government White Paper on the limitation of rating powers raises a most serious constitutional issue and poses a very real threat to local democracy. I hope its proposals will be widely discussed in the Press and the media generally so that the consequences may be understood by members of the public.

I am afraid I cannot wholly endorse Mr Rees' comments on the equity of spending targets applied to local authorities in Wales. Each authority in Wales and its officers are natural and proper beneficiaries of the special problems they face. It is precisely because each authority has its own peculiar problems that the Welsh Counties Committee is totally opposed to the principle of targets and penalties but, if targets are imposed, it cannot accept grant related expenditure (GRE), based on a formula, as the sole arbiter. Thus the Welsh Counties Committee makes no apology for having encouraged the Secretary of State to include some element

"Only an international business magazine can help IVECO keep up with international markets."

Giorgio Manina
Managing Director
IVECO
Amsterdam, Holland

When IVECO, one of Europe's leading commercial vehicle companies was formed, they decided not to use Italian, French or German, the three manufacturers' national languages. They (Fiat VL in Italy, Unic in France, Magirus in Germany) chose instead to use the international language of business, English. And it's the same with their choice of reading. As they expand, IVECO will be relying on Business Week International. It provides weekly worldwide updates on future business and economic trends that no local language media can hope to match.

Like IVECO, keep in touch with the fast-moving world of business, every week in Business Week International.

Business Week International.

Friday September 9 1983

Citicorp plays down bad debt fears

BY WILLIAM HALL IN NEW YORK

THIRD WORLD EXPOSURE OF TOP 10 U.S. BANKS - END 1982

	Total \$bn	As % of equity	1982 Net income \$m	1982 Loss provisions \$m
Citicorp	9.5	293	722	473
BankAmerica	8.9	148	432	502
Chase Manhattan	6.1	220	307	263
Man. Hanover	6.8	245	285	159
J.P. Morgan	4.1	180	394	114
Chemical	3.5	182	241	117
Cont. Illinois	2.0	119	78	492
First Inter	1.2	64	221	183
Bankers Trust	2.2	143	239	114
Sec. Pacific	1.2	80	234	162

Total exposure to Mexico, Brazil, Argentina, Venezuela, Yugoslavia and Chile, in some cases figures based on estimates. Source: The American Banker, March 1983, and company balance sheets.

THE SMALL investor in Citicorp, the market leader among U.S. banks, might be forgiven for overlooking the fact that it has more than \$7bn of loans outstanding to Mexico and Brazil, two of the world's most heavily indebted countries.

Citicorp, very much the "blue chip" of the U.S. banking industry, does not go out of its way to advertise that it has loans outstanding to the two countries equivalent to more than 10% of its primary capital base. Citicorp's record on foreign lending losses has been above average in the past, and its position is that while some of these loans may be non-performing, the vast majority of them are ultimately collected plus interest. So why worry the small investor with details?

Nevertheless, the paucity of information disclosed by Citicorp on its loans to troubled countries has raised a few eyebrows in Wall Street. Its latest 10Q filing with the Securities and Exchange Commission (SEC), covering the second quarter, gives less information than most of the other big U.S. banks on the problems it is facing in recovering its loans and interest from heavily indebted countries, where it is the biggest U.S. bank lender. While rival banks such as Bank of America go to some lengths to

disclose the size of their exposure to these countries, the split between private and public-sector borrowers and the amount of new money they are going to have to lend in 1983 to Mexico and Brazil, two of the world's most heavily indebted countries.

No more detail on the scale of the bank's exposure is given and shareholders are left with the statement that "while no absolute assurance can be given, Citicorp's management continues to believe these developments will not ultimately have a material adverse effect on Citicorp's financial condition."

The mystery surrounding the exposure of banks like Citicorp and Manufacturers Hanover - which also reveals very little - to countries facing debt problems is about to disappear. New SEC rules that take effect at the end of this year will force banks to disclose much more information about their foreign debts.

For analysts such as Mr Jim McDermott of Keefe Bruyette, one of the top U.S. brokerage firms specialising in bank stocks, the new disclosure rules "could not come soon enough." Investors have been operating in the dark for too long, Mr McDermott says.

The new disclosure rules might be embarrassing for groups such as Citicorp and Manufacturers Hanover, but they have more pressing problems on their mind. The end of their third quarter is fast approaching and decisions will soon have to be made on whether some of their loans to countries such as Brazil have to be put on a non-performing basis. That will occur if interest is overdue by more than 90 days in the case of state chartered banks and 90 days in the case of nationally chartered banks.

As the debt crisis has unfolded, U.S. banks have been adding to their general provision for an increase in non-performing loans on third-

quarter earnings would be considerable or modest. A lot depends on what happens over the next three weeks.

"These items have a fluidity of their own in terms of how they are classified," noted another banker. Bank regulators and the SEC, however, are anxious to bring more uniformity into accounting practices for non-performing loans.

Meanwhile, the leading state chartered banks, such as Chemical Bank, Manufacturers Hanover, Morgan Guaranty and Bankers Trust, are understood to be pressing behind the scenes to have their loans to Brazilian borrowers treated in the same way as those of nationally chartered banks in respect of the 90-day rule, prolonging the day when loans have to be transferred to a non-performing category.

To date the impact of non-performing international loans on U.S. bank earnings has been modest. But that might change over the next few months if there is no progress on the rescue package for Brazil, in particular.

The top 10 U.S. banks have \$18.5bn of loans out to Brazil which are probably earning them around \$2bn a year in interest.

Latin American debt proposals, Page 4

THE LEX COLUMN Hepworth lining wears thin

Shareholders in Steedley will be underwhelmed at the achievement, but Hepworth Ceramic has at least returned its pre-tax profits to the £15m level seen in 1979 and 1980 after two recessionary years at just over £12m. Cynical observers may indeed feel a little surprised that Hepworth has not been able to put on more of a show pending the Monopolies Commission report on its latest bid for Steedley. More properly puzzling, perhaps, is that Hepworth's first half turnover should only have grown 10 per cent to £187.9m despite a significant improvement in its clay pipes markets in the UK and the U.S. - or that trading margins should have improved so little despite the elimination of U.S. losses approaching £2m.

These look like further signs, if such were needed, of the maturity of Hepworth's principal markets. Roller kilns are cutting production costs sharply and the company's workforce will again be reduced this year and next. Higher profits should result now that volume gains are apparent - promising £30m or more at a pre-tax level for 1983 - but the search for long-term growth still points to acquisitions. Hepworth is now exporting 40 per cent of its refractory production. It seems disinclined to reduce any further its reliance on the UK home market, though this might well be one of the options up for discussion when the board puts in its second appearance before the Commission today. In the meantime, the shares at 135p, down 3p last night, offer a prospective yield of about 8.5 per cent but the premium of Steedley's share price over the implicit value of Hepworth's old share offer has widened to 14 pence.

GKN/AE

Although cosy relations between merger candidates should not be a criterion for measuring the public good, it is nevertheless a great

drawn down or rolled over in a single day. But the evidence of the depth of the market, along with the tight terms obtained by Sweden, may well have the effect of attracting imitators. Apart from the immediate pressure on the exchange rate from a regular capital outflow, such a development would tend to rebuild the foreign sterling holdings dismantled in the late 1970s, and make exchange-rate management much more difficult. As things stand, the Bank of England can exercise little control.

But on detailed consideration, the argument may be found to hold little water. There is fierce international competition in all these products, and anyway the manufacturers have been switching from dual to single sourcing. Meanwhile the volume of supplies to manufacturers is less significant than the replacement market, which remains in need of further rationalisation. Unlike Isthos Johnsen, AE is not a company patently awaiting a cyclical recovery. Past high profits were dependent on weak sterling more than anything else, and the company remains too small a competitor in a declining market. So, given a Monopolies clearance, the merger is likely to go ahead on fairly similar terms to those agreed. For those of a gambling disposition AE at 50p, down 8p yesterday, offers a possible way into GKN at a 25 per cent discount.

Swedish loan

The ecstatic reception of Sweden's domestic sterling syndicated credit - now to be doubled to a total of £500m - reflects in part the shortage of prime borrowers in the market. At the same time, last year's change in the local authority borrowing regulations means that they are repaying loans to the London banks at the rate of £10m a quarter.

As a one-off, the Swedish credit has limited implications for the exchange markets. It has been structured so that only £75m can be

Sedgwick

Half-year results from Sedgwick Group, Britain's largest independent insurance broker, look impressive enough with a rise in pre-tax profits of 21 per cent to £48.3m. But a large part of the improvement comes from currency gains. Stripping out the £5.5m gained from favourable exchange rate movements the growth in pre-tax profits is around 4 per cent.

Sedgwick is on an acquisition treadmill. It has made no secret that it would like to be the biggest broker in the world and it wants to maintain a good record of growth. Some five percentage points of the 19 per cent growth in brokerage revenue for the half year comes from its acquisitions of businesses, while six points comes from organic growth in business volumes, and eight points from the favourable effect of exchange rates.

U.S. vessels fire on Druze positions

BY PATRICK COCKBURN IN BEIRUT

IN a marked escalation of the growing crisis over the security of the 5,000 strong multinational force in Lebanon, U.S. naval vessels yesterday opened fire on an artillery position in the mountains above Beirut.

The U.S. move was in response to three artillery rounds fired at the 1,200 U.S. Marines stationed around Beirut airport. The attack came despite an overnight statement by the Druze militia, fighting government and Christian forces close to the capital, that they would not do anything to endanger the lives of members of the multinational force.

The French Government has already said that it will call in air strikes against gun firing at its men. Both the U.S. aircraft carriers Eisenhower and the French aircraft carrier Foch are part of the large flotilla of naval vessels now off the Lebanese coast.

The three shells which hit the airport tarmac landed close to two visiting U.S. generals and sent marines running to defensive positions and bunkers.

Meanwhile, in a major new offensive, Druze forces are moving against the towns of Deir el Amar and Beit el Dine. These are Chris-

tian strongholds in the Chouf mountains where there are believed to be at least 40,000 refugees, according to the Lebanese Red Cross.

Christian militiamen have been difficult in resisting the attack, say diplomats. The fate of Christians in the area is causing concern because of reports of heavy Christian casualties in the town of Bhamdoun captured on Tuesday.

No clear picture of the fighting has emerged since the fall of Bhamdoun though both government and Christian militia forces claim to be holding their own, and even to have advanced in some areas.

Mediation by President Ronald Reagan's special envoy to the Middle East Mr Robert McFarlane, who returned to Beirut yesterday from Damascus, has only a slender hope of success say diplomats in the capital.

Mr McFarlane has had talks with Syrian President Hafez al Assad and his ally, Mr Walid Jumblatt, the Druze leader, but without any positive result. Mr Jumblatt was reported to have returned to his forces in the Lebanese mountains to direct the fighting.

Gromyko's account

Continued from Page 1

forward at last night's late meeting of the Nato allies were a one to two week suspension of Aeroflot flights to Nato countries and flights from those countries to the Soviet Union, and a change in the terms of the UN International Civil Aviation Organisation's Chicago Convention to prohibit military attacks on civil aircraft in peacetime.

EEC ministers met earlier yesterday to attempt to iron out differences in approach to the U.S. call for strong demonstrative action. Some countries, particularly Greece, have been reluctant to go along with the U.S. demand.

Other countries were hoping that any flight ban initiative would come from pilots' organisations rather than Governments.

Michael Douma, Aerospace Correspondent, writes: Throughout Western Europe, governments have been far slower to respond to the situation than the airline pilots. Most Western European pilots' bodies have now said either that they will implement a ban on flights to the Soviet Union, or that they will consider it.

British Airways is today to suspend its four-week flights be-

tween London and Moscow, as a result of the decision by its own pilots not to operate such services.

No European Government has yet followed Canada in banning Aeroflot. The U.S. banned Aeroflot some time ago, in response to the Soviet invasion of Afghanistan.

In Sweden, the Government has turned down the request from the U.S. to impose a boycott on flights by Aeroflot, however flights to Sweden by the Soviet airline could still be stopped, following a decision by Swedish air traffic controllers to seek a boycott of flights by Aeroflot.

Norwegian air traffic controllers decided yesterday to ban Aeroflot to Norway from Tuesday. Scandinavian pilots flying for SAS have already decided to join the international boycott of flights to the Soviet Union and will begin their last for two months.

Japan has vigorously denied Soviet charges that it could have warned the Korean airliner it had strayed into Soviet airspace and thus prevent it being shot down off Sakhalin Island last week, Jarek Martin writes from Tokyo.

REVENUE OPPORTUNITY FOR SMALL COMPANIES

BP offers an enticing tax deal

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

BRITISH Petroleum (BP) has declared open season for oil tax deals in the North Sea.

By offering for sale 12.5 per cent of its dominant interest in the prolific Forties field, BP has not only assured itself a cash injection of at least £200m (£387m) and a fat profit to boot - but it has also queued the pitch for several other producers who might have been thinking of doing the same.

The proposed deal, sprung on the City of London on Wednesday night, is ingenious. BP pays the top rate of tax - around 50 per cent of net revenues - on its Forties field production of some 420,000 barrels a day. The company has insufficient tax credits, such as bills for abortive drilling, to reduce its tax burden.

On the other hand, BP in which the UK Government has a 36 per cent stake is aware that there are dozens of smaller companies which have been drilling with little or no success in the North Sea.

Such companies would dearly like to have oil revenue in the knowledge that they can obtain relief against petroleum revenue tax for past and future exploration and appraisal expenditures.

These tax concessions were introduced to encourage exploration and they are having the desired effect because drilling is at near record level.

With this in mind BP is parcelling up, in small lots, the equivalent of 10 per cent of the entire Forties field. Forty units are being offered for lease, each one equivalent to 0.25 per cent of the field.

Given that the field is thought to contain 800m barrels of remaining recoverable reserves each unit will provide the holder with access to 2m barrels of oil.

At present production rates a single unit would also entitle the holder to 1,135 barrels a day of output.

The loser will be Britain's Inland Revenue. According to a leading London oil analyst, the net loss to the exchequer over the next three years is likely to be between £30m and £140m.

Although the Inland Revenue will receive between £240m and £310m less in petroleum revenue tax and corporation tax it will gain, as an offset, between £150m and £170m from BP's extra capital gains tax and corporation tax payments.

The company is looking for cash to invest in fresh North Sea projects. Last year it invested £400m in the North Sea and this annual rate of spending is expected to continue.

Although BP is likely to receive more than £200m in cash, it will lose a considerable proportion of this as capital gains tax.

Within the City of London it is estimated that the company's net profit from the deal will be between £5m and £30m after taking account of its capital gains payments and the reduction in its share of the Forties assets.

The loser will be Britain's Inland Revenue. According to a leading London oil analyst, the net loss to the exchequer over the next three years is likely to be between £30m and £140m.

Although the Inland Revenue will receive between £240m and £310m less in petroleum revenue tax and corporation tax it will gain, as an offset, between £150m and £170m from BP's extra capital gains tax and corporation tax payments.

The company is looking for cash to invest in fresh North Sea projects. Last year it invested £400m in the North Sea and this annual rate of spending is expected to continue.

Although BP is likely to receive more than £200m in cash, it will lose a considerable proportion of this as capital gains tax.

West German Lombard rate up by 1/2 point

Continued from Page 1

ago after the dollar's strength had waned a little.

The Federal Government in Bonn has been loath to see an increase in official interest rates for fear that this would dampen the moderate recovery underway in the economy.

The latest move is widely regarded, however, as a moderate step towards adjusting official rates to actual money market rates, as well as being a mild measure to rein in money supply.

The Bundesbank said that since the beginning of the year money supply had shown a "relatively strong" annual growth rate of 8.5 per cent. It was, therefore, threatening to exceed the target monetary growth rate for the year of between 4 and 7 per cent.

The central bank last adjusted official rates in March, when both the Lombard and discount rates were reduced by a full percentage point - the culmination of a steady decline in rates.

The Lombard rate is the official interest rate charged by the Bundesbank on short-term lending to banks against the collateral of bonds. The discount rate, which was left unchanged yesterday at 4 per cent, is the effective rate at which the Bundesbank buys certain securities.

Headings at mid-day yesterday:
D-Dollar D-Banknote F-Fair F-Fair H-Hall B-Bank
S-Sun S-Sun S-Sun S-Sun S-Sun S-Sun

Thomson-Brandt, CGE close to assets deal

Continued from Page 1

been anxious to shed the communications division which contributed heavily to net consolidated losses last year of FF 2.2bn (\$273m).

The group has said that it did not expect on the basis of its present operations to return to profit before 1985. Mr Gomez has long been anxious to refocus Thomson's activities on a narrower range of activities.

To this end he unsuccessfully sought to take over Grundig last year to create a European-based consumer electronics industry. Since then he has taken over Telefunken (the consumer electronics part of the AEG Telefunken group) and entered into a full scale co-operation agreement with JVC of Japan to manufacture video cassettes and other electronic consumer goods.

As part of its streamlining, Thomson has also shed the electrical subsidiary SEMS and the Compagnie des Lampes. The latest proposals under discussion could result in reducing its FF 47bn turnover by a fifth.

By contrast CGE made net consolidated profits of FF 538m last year. It has also built up a cash reserve to finance expansions in the energy and telecommunications fields, including link-ups with foreign firms.

side interests may hold a stake of up to 29.9 per cent are also being discussed.

This could open the way to merchant and commercial banks playing a new role in the stock market.

Mr Leigh-Pemberton said the progress of talks with Sir Nicholas Goodison, the stock exchange's chairman, and with the Department of Trade and Industry, occupied much of last Thursday's meeting of the Court of the Bank.

World Weather

Area	C	F	Area	C	F	Area	C	F
Africa	28	82	Europe	22	72	Asia	22	72
Algeria	28	82	France	22	72	Australia	22	72
Angola	28	82	Germany	22	72	Brazil	22	72
Argentina	28	82	Italy	22	72	Canada	22	72
Australia	28	82	Japan	22	72	Chile	22	72
Bahamas	28	82	South Korea	22	72	China	22	72
Bangladesh	28	82	Taiwan	22	72	Colombia	22	72
Barbados	28	82	Thailand	22	72	Costa Rica	22	72
Belize	28	82	Philippines	22	72	Cuba	22	72
Bermuda	28	82	Singapore	22	72	Czech Rep.	22	72
Bhutan	28	82	Sri Lanka	22	72	Denmark	22	72
Bolivia	28	82	Tanzania	22	72	Ecuador	22	72
Brazil	28	82	Uganda	22	72	El Salvador	22	72
Bulgaria	28	82	Uruguay	22	72	Equatorial Guinea	22	72
Cameroon	28	82	Venezuela	22	72	Ethiopia	22	72
Canada	28	82	Yemen	22	72	Ghana	22	72
Chad	28	82	Zambia	22	72	Guatemala	22	72
Chile	28	82	Zimbabwe	22	72	Honduras	22	72
China	28	82				Iceland	22	72
Colombia	28	82				India	22	72
Costa Rica	28	82				Indonesia	22	72
Cuba	28	82				Israel	22	72
Czech Rep.	28	82				Italy	22	72
Denmark	28	82				Japan	22	72
Ecuador	28	82				Korea	22	72
El Salvador	28	82				Laos	22	72
Equatorial Guinea	28	82				Lebanon	22	72
Ethiopia	28	82				Lithuania	22	72
Ghana	28	82				Madagascar	22	72
Guatemala	28	82				Mali	22	72
Honduras	28	82				Mexico	22	72
Iceland	28	82				Moldavia	22	72
India	28	82				Monaco	22	72
Indonesia	28	82				Norway	22	72
Israel	28	82				Poland	22	72
Italy	28	82				Romania	22	72
Japan	28	82				Russia	22	72
Korea	28	82				Spain	22	72
Laos	28	82				Sweden	22	72
Lebanon	28	82				Switzerland	22	72
Lithuania	28	82				Taiwan	22	72
Madagascar	28	82				Thailand	22	72
Mali	28	82				Tanzania	22	72
Mexico	28	82				Uganda	22	72
Moldavia	28	82				Uruguay	22	72
Monaco	28	82				Venezuela	22	72
Norway	28	82				Yemen	22	72
Poland	28	82				Zambia	22	72
Romania	28	82				Zimbabwe	22	72
Russia	28	82						
Spain	28	82						
Sweden	28	82						
Switzerland	28	82						
Taiwan	28	82						
Thailand	28	82						
Tanzania	28	82						
Uganda	28	82						
Uruguay	28	82						
Venezuela	28	82						
Yemen	28	82						
Zambia	28	82						
Zimbabwe	28	82						



SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday September 9 1983

HENRY BUTCHER
LEOPOLD FARMER
VALUATIONS & SALES
PROPERTY & PLANT
LONDON-BIRMINGHAM-BRISTOL
LEEDS-LIVERPOOL
Tel 01-405 8411

Lockheed noses out Rockwell for \$2.5bn space shuttle deal

BY WILLIAM HALL IN NEW YORK

A GROUP of companies led by Lockheed has beaten a rival consortium led by Rockwell International and landed the lucrative \$2.5bn contract to overhaul the U.S. space shuttle.

The U.S. Administration has for some time wanted more of the space shuttle programme to be subcontracted to the private sector, and the award of the shuttle processing contract is the biggest of three contracts which will be awarded to the private sector. Earlier this year, the National Aeronautics and Space Administration (NASA) selected EG&G, diversified electronic equipment manufacturer, to provide base support operations at the Kennedy Space Centre in Florida in a three-year contract valued at \$193m. A further contract to handle the processing of shuttle cargoes still has to be awarded. The purpose of the contracts is to reduce the number of bodies NASA has to deal with and make the operation of the shuttle more efficient and commercial.

The award of the contract is a major blow for Rockwell, which has built all the shuttles to date and played a leading role in servicing them. The Rockwell team bidding for the shuttle processing contract included Boeing, Martin Marietta, the USBI Launch Services Corporation and United Aerospace. Rockwell was believed to be the frontrunner for the contract because of

its familiarity with the shuttle which it largely constructed.

Although Lockheed would not comment on the reasons why it won the contract, it is understood that there was a feeling that some NASA officials wanted a change of contractor in the interests of efficiency.

At present some 15 separate companies perform various servicing tasks on the shuttle after it has landed. By consolidating these contracts into one, NASA believes that it will save money and reduce bureaucracy.

The Lockheed consortium, which includes Grumman Aerospace, Morton Thiokol and Pan American Airways, covers the ground processing, launch and landing of the shuttle. The Lockheed consortium also handles the shuttle's associated ground systems at both the Kennedy Space Centre and Vandenberg Air Force Base in California. According to Lockheed the value of the latest contract is \$2.5bn for the first two three-year periods and could total more than \$8bn over the next 15 years.

The space shuttle programme lies at the heart of the U.S. space programme, and when all four shuttles are delivered they are expected to be flying back and forth into space with commercial and defence cargoes every fortnight or so.

Seagram slows down in second quarter

BY TERRY DODSWORTH IN NEW YORK

SEAGRAM, the Montreal-based distilling group, pushed net profits up by 24 per cent from \$1.559.8m or 67 cents a share to \$1.74m, or 82 cents in the second quarter to July, following a \$12m fall in its net interest charge.

The operating results, with profits down from \$63m to \$54m, reflect the continuing stagnation in the U.S. wine and spirits market. Sales rose only marginally, from \$609.8m to \$610m for the second quarter.

For the first half, net earnings rose from \$113.5m or \$1.28 a share to \$123.8m or \$1.43 a share, on sales down from \$1.21bn to \$1.16bn.

Seagram said yesterday that, apart from the poor trading conditions, the results were also affected

by the strength of the U.S. dollar, which had a negative impact on earnings translated from overseas.

The group also attacked the Canadian Government's policy of indexing excise taxes on alcohol, which will generate a 13 per cent increase from the beginning of September. This policy will produce a further erosion of the Canadian spirits and wine market, it said.

The reduction in the company's interest payments results from a change in its debt structure which has involved the repayment of \$120m in short-term debt and \$120m in variable rate borrowings following two public debt offerings for a total of \$250m.

The bank said domestic performance improved sharply.

Canadian bank revives

BY ROBERT GIBBENS IN MONTREAL

ROYAL BANK of Canada, largest of the Canadian chartered banks with assets of \$366bn (\$59.9bn) at July 31, has reported a major rebound in earnings in the third quarter and nine months.

Third-quarter profit was \$312.1m, or \$1.24 a share, against

\$281m, or 66 cents, a year earlier on revenues of \$32.13bn against \$33.06bn. Nine months' net profit was \$333.2m, or \$3.74 a share, against \$324.7m, or \$3.68, on revenues of \$38.7bn, against \$39.2bn.

The bank said domestic performance improved sharply.

Intershop lifts profit by 27% in full year

By John Wicks in Zurich

INTERSHOP HOLDING, the Zurich-based internationally owned property development company, lifted income 27 per cent to SwFr 17.2m (\$7.9m) in the year to March 31. The board is to recommend payment of an increased dividend of 9 per cent from net profits up by 6 per cent to SwFr 8.2m. In 1981-82 the company distributed an 8 per cent dividend, plus 2 per cent jubilee bonus.

A substantial part of Intershop's activities was again centred on U.S. operations. The Zurich holding company increased its 70 per cent stake in Intershop HFA Management Company, Dallas, which manages a total of 55 properties in Atlanta and Miami. For the first time, the Panama firm Intershop Properties USA Corporation contributed to American income. A new shopping centre in which Intershop has a 50 per cent stake was opened at Springfield, Pennsylvania, in February of this year, while expansion took place in centres in Philadelphia and Westaco, Texas.

In Europe, a leisure centre is under construction adjacent to a Viennese shopping mall, while "substantial capital gains" were realised by the sale of the Kaufhaus Tyrol department store in Innsbruck. A shopping centre is nearing completion in the Swiss town of Zug.

Of total investments at the end of this March, 34 per cent were in the U.S., 22 per cent each in Germany and France, 20 per cent in Switzerland and 1 per cent each in Austria and Canada.

Sales slowdown hits Fluor at nine months

BY OUR NEW YORK STAFF

FLUOR, a leading U.S. civil engineering and construction group, lost further ground in the third quarter to July, when net profits slumped to \$8.9m from \$38.5m in the same period of 1982. Earnings per share amounted to 11 cents, against 46 cents.

Sales slowed down dramatically, falling to \$1.4bn against \$1.9bn. There was no evidence of any upturn in the outlook during the three months, with new order intake down to \$389m from \$555m a year earlier.

For the first nine months, the company is trailing almost 43 per cent behind its 1982 performance, with net earnings at \$68.7m, against \$120.5m. Capital expenditure, however, is still running strongly at \$210m for the period to end July.

Fluor, which recently won a development contract for a coalmine in China, plans to sell off its distribution group. It expects to give some indication of the value of this division shortly.

Providence Capital, a Bermuda-based insurance group, has built up a stake of \$48 per cent in Alexander and Alexander, the second biggest insurance brokerage firm in the U.S.

Providence has disclosed in a filing with the Securities and Exchange Commission that it acquired 896,900 shares in Alexander and Alexander at prices ranging from \$20.75 to \$26.575 between July 13 and August 31. It now owns 1.373

Bermuda group's U.S. move

BY OUR NEW YORK STAFF

PROVIDENCE Capital, a Bermuda-based insurance group, has built up a stake of \$48 per cent in Alexander and Alexander, the second biggest insurance brokerage firm in the U.S.

Providence has disclosed in a filing with the Securities and Exchange Commission that it acquired 896,900 shares in Alexander and Alexander at prices ranging from \$20.75 to \$26.575 between July 13 and August 31. It now owns 1.373

shares in the brokerage firm which are valued at \$30m at current prices.

Providence Capital, which was sold by Gulf and Western to a group of private investors a year ago, said it had bought the shares for investment purposes.

Alexander and Alexander has faced a series of problems since it acquired Alexander Howden, a UK insurance broker.

FRENCH AIRCRAFT MAKER STRESSES IMPORTANCE OF AIRBUS VENTURE

Aerospatiale expects a bumpy ride

BY DAVID MARSH IN PARIS

THE INTERNATIONAL civil airframe market is unlikely to pick up until the end of 1984 or the beginning of 1985, says M Jean Martre, the chairman of Aerospatiale, the French nationalised aerospace group.

Aerospatiale, after several years of fast expansion, is in the midst of a difficult period of commercial belt-tightening as a result of the simultaneous downturn in its most important civil and military markets.

The company, which boosted sales 30 per cent last year to FFr 21.4bn (\$2.6bn) and has followed a policy of rapid staff expansion in recent years, faces much lower sales growth in 1983 and is trying to slim its workforce through early retirements and natural wastage.

In contrast to other international aerospace groups, the company has firmly ruled out redundancies among its 36,000 employees. But to adapt production to lower orders, it is making fresh cuts in working hours throughout the group, to 38 per week at the end of the year (from 38.3 at present).

Aerospatiale, which made net profits of FFr 96.2m last year (well down from FFr 158.6m in 1981) looks likely to record a worse result in 1983, although it still hopes to remain in the black. As a prelude to difficulties ahead, Martre said last year plummeted to FFr 16.3bn from FFr 22.3bn, while the company's debts were multiplied by five to FFr 3bn.

M Martre, former head of the Government's arms directorate agency, who took over as chairman following the retirement of General Jacques Mitterrand in May, added his weight to persistent French calls for a European decision on the planned new generation of 150-seater Airbus airliners, the A-320.

Aerospatiale is the main shareholder in the pan-European Airbus Industrie consortium which makes the airliners. M Martre reaffirmed that the formal launch of the A-320 aircraft, which has been at the centre of a long-running tussle over

aerospace collaboration among the French, West German and British governments, would go ahead before the end of the year.

As for the suggested year for entry into service of the aircraft, M Martre said that 1983 still seemed "a good date". Other European partners, together with some of the international airlines who would be customers for the plane, believe that 1989/90 would be a more realistic date. No formal agreement for the \$2bn development project has yet been reached.

If the Airbus Industrie consortium did not succeed with the further development of the aeroplane, he said, "Europe risks being totally absent from the commercial airframe market, and leaving the market open to the Americans."

General Mitterrand, brother of the French president, earlier this year blamed the downturn in Airbus sales partly on lack of sufficient financial support from banks in Britain and West Germany. M Martre said talks were underway between export credit agencies in France and its two European partners to try to achieve "more homogeneity" in the provision of Airbus export credits. This was necessary to compete with financial terms available from U.S. rivals Boeing and McDonnell Douglas.

M Martre defined his objectives for Aerospatiale as to maintain its "healthy" financial management "and to make profits". But like his predecessor, he made no bones about the sombre short-term outlook.

The recession has hit three of Aerospatiale's four operating divisions particularly hard: aeroplanes, helicopters and ballistic systems and space. The fourth - tactical missiles, whose production includes the Exocet - has been holding up better than the others but, says M Martre, has also been hit by stagnating military budgets around the world.

In detail, the position of the four divisions is:

● Aircraft, which make up 36.6 per cent of group turnover with sales of FFr 1.77bn last year (up 38 per cent from 1981) is encountering difficulties from the slump in Airbus sales.

M Martre says the present Airbus production rate is down to five a month (against earlier plans of building up to eight by next year) and output would have to be cut further unless new orders came in. Airbus activities accounted for 72 per cent of the aircraft division's sales last year, against 66 per cent in 1981.

The division has also been affected by the downturn in sales and orders for the fighter aircraft and executive jets made by France's second national aircraft manufacturer, Avions Marcel Dassault-Breguet, for which Aerospatiale carries out subcontracting work.

● Aerospatiale's helicopter division, which makes up 19.8 per cent of turnover (1982 sales were up 26 per cent at FFr 4.3bn), has been hard hit by the downturn in the important civil sector in the U.S., where Aerospatiale has 20 per cent of the market (especially for offshore oil installations). M Martre said there were "relatively fragile" signs of a recovery in this market, but no general upturn was expected before the end of 1983 or the middle of 1984.

● Tactical missiles, which accounted for 25.3 per cent of turnover last year (sales of FFr 5.5bn, up 28 per cent), have also been affected by defence cuts and the division is "not particularly flourishing," according to M Martre. Its main product is the Exocet anti-ship weapon, of which 2,000 have been ordered for use by 27 navies around the world.

Aerospatiale also collaborates in building the French-German Milan and Hot anti-tank missiles. The French, German and UK governments have recently agreed to go ahead with development of a new generation of anti-tank weapon, while Aerospatiale is also developing with the Germans a supersonic anti-ship missile for use in the 1990s.

Commenting on the widely-

publicised use of the Exocet by the Argentine navy during last year's Falklands war, M Martre denied that the episode had prompted any "significant" increase in Exocet orders. He said the Falklands publicity had merely shown that the extent of public knowledge of the Exocet's effectiveness was lagging well behind already well-established professional opinion about the weapon around the world's navies.

● Space and ballistic systems. Aerospatiale's fourth operating division, making up 17.8 per cent of sales (FFr 3.66bn last year, up 28 per cent from 1981), has also been affected by budgetary squeezes.

Around 71 per cent of the division's orders are from the military and it plays a vital role in equipping France's independent nuclear force. M Martre confirmed that delays in French government programmes for a mobile SS nuclear missile and for a new generation of M 5 multiple-warhead missiles for the country's nuclear submarines were "causing a problem."

These hold-ups have been only partly compensated for by the Government's decision to start development work on a new 350 km-range semiautonomous nuclear weapon, the Hades, to replace the Pluton rocket in the early 1990s.

Although Aerospatiale is going ahead at full speed with building current and future series of Europe's space rocket Ariane, satellite activities have been hit by international uncertainties over orders for television and other communications satellites. Eurosatellite, the mainly Franco-German satellite company in which Aerospatiale has an important stake, is still waiting for a follow-up order to build a second French direct broadcasting satellite for use in the country's proposed satellite TV service in the mid-1980s. French military cuts have also forced the postponement of the programme to build the Samro military observation satellite in which Aerospatiale would have played an important role.

AEROSPATIALE'S RECENT PERFORMANCE		
	Sales FFr	Net profit or loss FFr
1976	9.0bn	621m
1977	9.5bn	447m
1978	9.5bn	87m
1979	11.4bn	8m
1980	13.2bn	138m
1981	16.5bn	159m
1982	21.4bn	96m

+ Loss

IKB sees switch to longer-term loans

BY JONATHAN CARR IN BONN

IKB (Industriekreditbank Deutsche Industriebank) boosted profits in the 1982-83 year (to March 31) and saw a gradual but welcome trend to longer-term borrowing by its largely industrial customers.

The annual results show a sharp drop in demand for short and medium-term credit, and a slight upturn in the longer-term lending which IKB (often called the "entrepreneurs bank") sees as its main business.

This reflects the long-awaited fall in interest rates last year and the readiness of clients, from about the autumn, to borrow for 10 years or more to finance new investment.

While IKB's total assets rose by

only 1.5 per cent to DM 13.1bn (\$4.1bn), the interest surplus surged by 0.5 per cent to DM 174m. Net profit rose to DM 32.2m from DM 31.9m, a total of DM 12m is being added to reserves and an unchanged 14 per cent dividend is proposed.

Customer loans fell by 0.8 per cent, reflecting continuing economic stagnation despite falling interest rates. But while long-term lending rose by 2.5 per cent to DM 6.9bn, short and medium term loans together dropped by more than 25 per cent.

More than half of all new credit granted was for 10 years or more compared with only 20 per cent in 1981-82.

Pirelli plans major share capital boost

By James Buxton in Rome

PIRELLI SpA, the Milan-based holding company of the Italian cables and tyres group, is to make a substantial increase in its share capital over the next three years.

Nominal capital is to be raised from its current L195bn (\$121m) to L260bn by means of series of rights issues ending in June 1986. So far the only information the company has released is that, subject to shareholders' approval, some 65.7m new shares with a nominal value of L1,000 each will be issued on a basis of five for every holder of 15 existing shares.

Pirelli SpA shares currently stand at about L700. If the operation were to go ahead now at a premium of L100 on the nominal share price, it would bring in L146bn in fresh funds.

The company, which has recovered after a very weak period in the 1970s, made net profits of L25.8bn in the year to April 30 1982. The results for the last fiscal year have not yet been released.

Norton Simon has last-quarter loss

BY OUR FINANCIAL STAFF

NORTON SIMON, the U.S. diversified consumer products group acquired by Esmark in July, plunged into loss in the fourth quarter of the year to June. The setback left the 12 months total net profit down from \$107.7m to only \$9.7m, after extraordinary items.

The final-quarter figures were hit by a near \$30m net loss on the sale of Norton's glass container unit and \$26.9m after-tax expenses related to the takeover and other proposals. Annual sales by the group, which includes Avis and Max Factor, slipped \$40m to £2.68bn, with a

slight fall in the fourth quarter. After preferred dividends there was a loss per share for the year of 28 cents, against a 53.31 profit.

The Chicago-based industrial and consumer group Esmark acquired 90 per cent of Norton in a deal valuing the company close to \$1bn

Heinz ahead in first quarter

By Our New York Staff

H. J. HEINZ, the U.S. processed foods manufacturer, raised its net earnings by 11.2 per cent in the first quarter to July while sales rose by 3.4 per cent to \$840m.

The increase in earnings, from \$55m to \$61m, was roughly in line with trading profits, which went up by 10.2 per cent to \$112.6m.

Non-trading profits declined from \$7m to \$4.7m, but this was more than offset by a reduction in interest payments of \$3.8m to \$10.3m.

Net earnings per share emerged at \$1.30 against \$1.07 in the first quarter, following a higher tax charge of \$45.8m against \$40m.

The results underline Heinz's efforts to reduce costs and improve margins. Mr Anthony O'Reilly, president and chief executive, said unit volume in the domestic and overseas markets went up by approximately 3 per cent, but that lower currency exchange rates used to translate foreign sales this year had reduced the figure by approximately \$35m.

Mr O'Reilly sounded an optimistic note for the full year, saying that he expected the company to benefit from the improvement in the general economic environment both in the U.S. and overseas.

AT & T in video venture

By Louise Kehoe in San Francisco

AMERICAN Telephone and Telegraph (AT & T), the giant U.S. communications group and Coleco, a Connecticut manufacturer of home computers and video games, have announced a joint venture to develop a nationwide "interactive game and entertainment service" for home computers and video game machines.

All of these securities having been sold, this announcement appears as a matter of record only.

August, 1983

4,000,000 Shares
ENSERCH
CORPORATION

Common Stock
(\$4.45 par value per share)

Salomon Brothers Inc

Goldman, Sachs & Co.

Bear, Stearns & Co.

The First Boston Corporation

A. G. Becker Paribas

Blyth Eastman Paine Webber

Alex. Brown & Sons

Dillon, Read & Co. Inc.

Donaldson, Lufkin & Jenrette

Drexel Burnham Lambert

Hambrecht & Quist

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Lazard Frères & Co.

Lehman Brothers Kuhn Loeb

Merrill Lynch Capital Markets

Prudential-Bache

L. F. Rothschild, Unterberg, Towbin

Shearson/American Express Inc.

Smith Barney, Harris Upham & Co.

UBS Securities Inc.

Wertheim & Co., Inc.

Dean Witter Reynolds Inc.

A. G. Edwards & Sons, Inc.

Oppenheimer & Co., Inc.

Thomson McKinnon Securities Inc.

ABD Securities Corporation

Advest, Inc.

Arnhold and S. Bleichroeder, Inc.

Atlantic Capital

Basie Securities Corporation

Cowen & Co.

Dominion Securities Ames Inc.

F. Eberstadt & Co., Inc.

Eppler, Guerin & Turner, Inc.

EuroPartners Securities Corporation

First Southwest Company

Robert Fleming

Howard, Weil, Labouisse, Friedrichs

Kleinwort, Benson

Ladenburg, Thalmann & Co. Inc.

Moseley, Hallgarten, Estabrook & Weeden Inc.

Rauscher Pierce Refsnes, Inc.

Rotan Mose Inc.

Rothschild Inc.

Tucker, Anthony & R. L. Day, Inc.

Underwood, Neuhaus & Co.

Wood Gundy Incorporated

Cazenove Inc.

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Banque Nationale de Paris

Baring Brothers & Co.,

Buckmaster & Moore

Crédit Commercial de France

Morgan Grenfell & Co.

Pictet International

Pierson, Helderling & Pierson N.V.

S. G. Warburg & Co. Ltd.



Schroders

Interim Statement

8th September, 1983

The Directors of Schroders Public Limited Company have resolved to pay an interim dividend for the year ending 31st December, 1983 of 3p per share on the Ordinary Shares of £1 each (fully paid). This dividend is the same as the interim dividend paid in respect of the year ended 31st December, 1982.

The dividend will be payable on 27th October, 1983 to shareholders whose names appear in the Register of Members of the Company as at 29th September, 1983.

The profits of the Schroder Group for the first six months of 1983 were higher than in the same period of the previous year. Activity throughout the Group was at a high level with most parts of the business benefiting from generally favourable trading conditions.

120, Cheapside, London, EC2V 6DS.

NOTICE TO THE HOLDERS OF

Daiwa Securities Co. Ltd.

(Daiwa Shoken Kabushiki Kaisha)

5% CONVERTIBLE BONDS DUE 1996 (THE "1996 BONDS")

and 5% CONVERTIBLE BONDS DUE 1998 (THE "1998 BONDS")

Pursuant to Condition 5 (C) of the terms and conditions of the above-mentioned bonds, notice is hereby given as follows:

1. On 1st September, 1983 the Company issued 40,000,000 new shares of its Common Stock by way of public offering in Japan at the offering price of Yen 440 per share.

2. Accordingly, the conversion prices at which the 1996 Bonds and the 1998 Bonds may be converted into shares of Common Stock of the Company, have been adjusted effective as of September 1, 1983, Japan time. The conversion prices in effect prior to such adjustment are Yen 440.00 for the 1996 Bonds and Yen 540 for the 1998 Bonds, and the adjusted conversion prices are Yen 464.4 for the 1996 Bonds and Yen 518.9 for the 1998 Bonds.

DAIWA SECURITIES CO. LTD.
By: The Bank of Tokyo
Trust Company
as Principal Paying Agent

Dated: September 9, 1983

Standard Chartered Finance B.V.

(Incorporated in the Netherlands)

US\$75,000,000

Guaranteed Floating Rate Notes 1990

Guaranteed on a subordinated basis as to payment of principal, premium (if any) and interest by



Standard Chartered Bank PLC

(Incorporated in the United Kingdom)

In accordance with the provisions of the Notes, notice is hereby given that for the six months period (182 days) from 9th September, 1983 to 9th March, 1984 the Notes will carry interest at the rate of 10 1/4% per cent, per annum.

The interest payment date will be 9th March, 1984. Payment will be made in US\$ 273 3/4 per US\$5,000 Note, will be made against surrender of Coupon No. 8.

J. Henry Schroder Wagg & Co. Limited
Agent Bank

Daiwa lifts Japanese profits forecast

DAIWA SECURITIES, the Japanese broker, is forecasting a 46.8 per cent increase in Japanese corporate pre-tax profits in the October to March second half of fiscal 1983 compared with the current six-month period.

This was an upward revision from a 33.8 per cent rise forecast in June. The projection is based on a survey covering 378 companies listed on the Tokyo stock exchange.

Sales are seen as increasing by 5.4 per cent following a recovery in demand at home and abroad.

Daiwa has revised downward its pre-tax profit forecast for the six months to September 30, to a fall of 15.3 per cent from the previous half year.

JVC more buoyant

VICTOR COMPANY OF Japan (JVC) has revised upwards its pre-tax profit forecast for the year ending next March 31 to ¥39bn (\$159m) compared with ¥40.2bn last year. Sales this year are expected to exceed the ¥50bn 1982 figure.

MHI sees big gain

Mitsubishi Heavy Industries expects pre-tax profits for the year ending next March 31 to rise sharply from the ¥24.48bn achieved in the previous year because of improved business in its shipbuilding division. Brokers add that they expect profits to be nearly ¥50bn.

Maruzen land sale

MARUZEN OIL is to sell 300,000 square metres of land this month, part of the 1.07m square metres on which its refinery in Sakai City is located, to settle some of its ¥49.3bn (\$201m) debts. Debts remaining after the sale are expected to be paid by sales of equities and land. The company expects to retain its listing on the Tokyo stock exchange.

Nissan Motor scrip

NISSAN MOTOR will make a one-for-10 scrip issue on November 18 for shareholders registered on September 30, 1983, to celebrate its 50th anniversary. The number of issued shares will be increased to 1.88bn from the current 1.709bn.

Daishinpa issue

Daishinpa, a leading consumer financing firm, will make a one-for-ten scrip issue on November 21 for shareholders registered on September 30. This will increase the number of issued shares to 31.39m worth ¥1.57bn from the present 28.54m worth ¥1.43bn. Agencies

INTL. COMPANIES & FINANCE

Wong Sulong on the reorganisation of a Malaysian Chinese group

MPH puts profits before politics

MPH performance (m ringgit)

	1978	1979	1980	1981	1982
Group assets	94	150	210	771	1,835
Share capital	30	75	87	390	450
After tax profit	1	7.4	41.5	12.8	37

MULTI-PURPOSE Holdings (MPH), the Malaysian-Chinese conglomerate, is in the final stage of a major rationalisation programme, began a year ago, in which it hopes to steer away from the political and business controversies that had dogged the group since its formation seven years ago.

These controversies had cost the group and its 38,000 shareholders dearly in terms of lost opportunities and revenues.

MPH shares are regarded by the market as "dead." While the Kuala Lumpur stock exchange industrial index has risen by a good 30 per cent since the start of the year, MPH shares have, since quotation in January 1982, been sliding down to settle around 2.3 ringgit.

"It's so easy to knock MPH," says a senior company official. "Whenever we announce a major deal, there will always be someone who will try and foul it up by spreading rumours or injecting political issues."

Since 1977, when it began with 30m ringgit (U.S.\$12.8m) in subscriptions from the Chinese community, MPH has grown into a sprawling giant with a paid-up capital of 450m ringgit and net assets exceeding 1.5bn ringgit.

Its success has spawned distrust among the Malays, envy among the Indians and emulation among numerous Chinese groups.

Now, Malaysia's 1.3m Indians are forming a similar organisation, the Malayan Indian Community Organisation (MICO), aimed at raising their stake in the country's corporate wealth from the present 1 per cent to 7 per cent (reflecting the community's racial composition) by 1990.

The controversy over MPH arises from its origins and leadership. It was sponsored by the Malaysian Chinese Association, the Chinese partner in the Malaysian Government, as the answer to the plethora of government agencies set up to help the politically dominant Malays to compete with the Chinese in business.

Hence its acquisitions of such businesses as Dunlop Estates, Guthrie Berhad and United Malaysian Banking Corporation, caused considerable anguish among the Malays, who fear it is getting too big.

The latest rationalisation in MPH involves the split up of Guthrie Berhad into a Singapore-based company called Mulpha Singapore, and a Malaysian entity, called Mulpha International Trading Corporation.

Guthrie Berhad was purchased from Guthrie Corporation of UK (itself taken over by a Malay group in September 1981) for 110m ringgit.

With the split, MPH has emerged as an investment holding company with four major subsidiaries in four strategic areas of the Malaysian economy, these are:

● Plantations under Dunlop Estates, which was purchased from Dunlop UK in October 1981 for 211m ringgit. Dunlop's acreage has been expanded from 28,600 hectares to 38,000 hectares through the merger with other MPH's plantations. MPH intends to build Dunlop

Estates into a plantation giant and is on the look out for further acquisitions. Dunlop Estates current market capitalisation exceeds 500m ringgit.

● Property under Bandar Raya Development, a well-established developer of high class residential houses and apartments. The company has a large landbank of 500 hectares in Kuala Lumpur, Malacca and Johore, already approved for housing and commerce. It has a 70 per cent stake in a company which owns 15 acres in the business district of the Malaysian capital. The company wants to develop it into high rise office blocks, at the cost of around 1bn ringgit, but approval has been delayed for more than three years.

The ostensible reason for it is that the site contains an old hotel which the authorities want to preserve, but MPH feels that this is being used as a bargaining ploy to get a greater Malay participation in the development of the site. Market capitalisation of Bandar Raya is around 800m ringgit.

Banking and Finance under Guthrie Berhad. Apart from operating a highly lucrative lottery, Guthrie is to take over 40.88 per cent of United Malaysian Banking Corporation from MPH for 251m ringgit. This will be done through the issue of 100.4m Magnum shares, valued at 2.5 ringgit

each, to MPH. With the result Magnum will be 64 per cent owned by MPH. Magnum will make a rights issue to raise a further 45m ringgit for expansion. UMBC is Malaysia's third largest bank with 55 branches.

● Trade and manufacturing under the newly formed Mulpha International Trading Corporation (MITC): MPH is increasing the capital base of MITC and hopes to develop it into a "Sogo-Shosha," a giant trading corporation, modelled on Japan's trading houses, which is actively promoted by Dr Mahathir, the Malaysian Prime Minister, as part of his "look east" policy.

There are also plans for MITC to go into shipping in a big way. It has taken a 25 per cent stake in Promptship, a Hong Kong-based Liberian-registered shipowner, valued at \$12m, with an option to increase this to 75 per cent. Promptship has 30 ships.

"With our rationalisation almost complete, future expansion will not be undertaken by MPH, but by our respective subsidiaries," says Mr Tan Koon Swan, who recently moved up from managing director to executive chairman of the parent.

Mr Tan, a prominent member of Parliament and an entrepreneur in his own right (he controls the Supreme Group of companies) feels the four areas in which MPH's subsidiaries are involved offer growth scope for expansion and profit without stirring controversy.

For MPH shareholders, who have not been paid a single dividend in seven years, Mr Tan says that their shares are grossly undervalued by the market, considering the solid asset backing. He is confident they will be amply rewarded if they are patient to wait for a recovery in the Malaysian economy.

Mitsubishi 'Capsule' sparks high yield war

BY YOKO SHIBATA IN TOKYO

JAPANESE financial institutions such as the city, regional and trust banks, the credit associations and the securities houses have nearly all launched new high yield accounts—which combine long-term government bonds with term deposits—this month. The general move has been prompted by the success of the creation of the "Money Capsule" high yield account by Mitsubishi Bank on August 10.

The new financial instruments were originally conceived by city banks, as an attempt to roll back the securities houses which have been attracting investors with their high yield products such as the "medium-term government bond trust funds."

These have soaked up both the summer and winter bonuses of small investors.

Under such circumstances, a tacit agreement among banks not to introduce high-yield instruments as this would give the securities houses the pretext to launch in return a national bond comprehensive account patterned after the American money market fund system.

However, the Ministry of Finance's policy of putting banks and securities houses on an equal footing, as far as sales of financial instruments combined with the government bonds is concerned, has enabled the brokers to make loans against the collateral of government bonds from this June. This was in return for banks getting permission to handle over-the-counter sales of long-term government bonds.

For some time there has been a tacit agreement among banks not to introduce high-yield instruments as this would give the securities houses the pretext to launch in return a national bond comprehensive account patterned after the American money market fund system.

However, the Ministry of Finance's policy of putting banks and securities houses on an equal footing, as far as sales of financial instruments combined with the government bonds is concerned, has enabled the brokers to make loans against the collateral of government bonds from this June. This was in return for banks getting permission to handle over-the-counter sales of long-term government bonds.

Under such circumstances, a tacit agreement among banks not to introduce high-yield instruments as this would give the securities houses the pretext to launch in return a national bond comprehensive account patterned after the American money market fund system.

However, the Ministry of Finance's policy of putting banks and securities houses on an equal footing, as far as sales of financial instruments combined with the government bonds is concerned, has enabled the brokers to make loans against the collateral of government bonds from this June. This was in return for banks getting permission to handle over-the-counter sales of long-term government bonds.

Under such circumstances, a tacit agreement among banks not to introduce high-yield instruments as this would give the securities houses the pretext to launch in return a national bond comprehensive account patterned after the American money market fund system.

Mitsubishi Bank's application to the MoF to start sales of a new high-yield time deposit linked with 10-year government bonds from August brought about a considerable re-thinking among the city banks. Vehement opposition by other city banks to the Mitsubishi move delayed ministry approval for 15 days while differences among the leading banks were sorted out.

Under the system worked out by city and regional banks, the ratio of government bonds and time deposits are generally set at 60 per cent to 40 per cent, or 70 per cent to 30 per cent. Such accounts are denominated in units of ¥500,000.

Half-yearly interest earnings accruing from the bond are to be added to the time deposits

to earn compound interest. City banks, however, are being challenged by the trust banks and credit associations in their marketing of the higher yield accounts—a combination of their existing high yielding money trust accounts and the newly issued 10-year government bonds. The trust banks' new scheme will have an average annual yield of 10.92 per cent.

The City banks are taxing their imaginations to give attractive nicknames to their new high yield accounts. Mitsubishi has its "Money Capsule," Sumitomo its "Super Account" and "Mitsui" its "Mighty Account." For their part the securities houses have decided to stick to one name, the "High Pack."

Notice to holders of Ordinary shares in N.V. Beleggingsmaatschappij Wereldhave and to holders of 7% Debentures 1978 of N.V. Wereldhave International convertible into Ordinary shares of N.V. Beleggingsmaatschappij Wereldhave 1982-1985

Copies of the English translations of the offer documents relating to the offers for your Ordinary share and convertible debentures made by Stichting Pensioenfond voor de Gezondheid, Geestelijke en Maatschappelijke Balansen (PGGM) and N.V. Pensioenverzekeringsmaatschappij DSM (PVM) are now available from:

HBI Samuel Registrars Limited,
6 Greencoat Place, London SW1P 1PL

Also available are English translations of a report drawn up by an independent expert which comments on the offers as well as the possible merger of N.V. Beleggingsmaatschappij Wereldhave and Boganij N.V.

Acceptance of the offers must be received, in accordance with the instructions contained in the offer documents, by: 3 p.m. on Monday, 26th September, 1983

This offer is not subject to United Kingdom legislation or to the provisions of The City Code on Take-overs and Mergers.

NOTICE OF INTERIM DIVIDEND

The Executive Board announces, that with the approval of the Supervisory Board, an interim dividend of Dfls. 4.25 per Dfls. 20.00 ordinary share will be paid for the financial year 1983.

For shareholders and holders of Bearer Depositary Receipts (BDRs) of ordinary shares, coupon number 41 of their securities will be payable at the head offices of the following banks with effect from 3rd October 1983.

Amsterdam-Rotterdam Bank N.V.
Algemene Bank Nederland N.V.
Nederlandsche Middenstandsbank N.V.
Pierson, Helderling & Pierson N.V.
Bank Mees & Hope N.V.
Nederlandse Credietbank N.V.
Credit Lyonnais Bank Nederland N.V.
Bank Van der Hoop Offers N.V.
at Amsterdam, The Hague and Rotterdam.

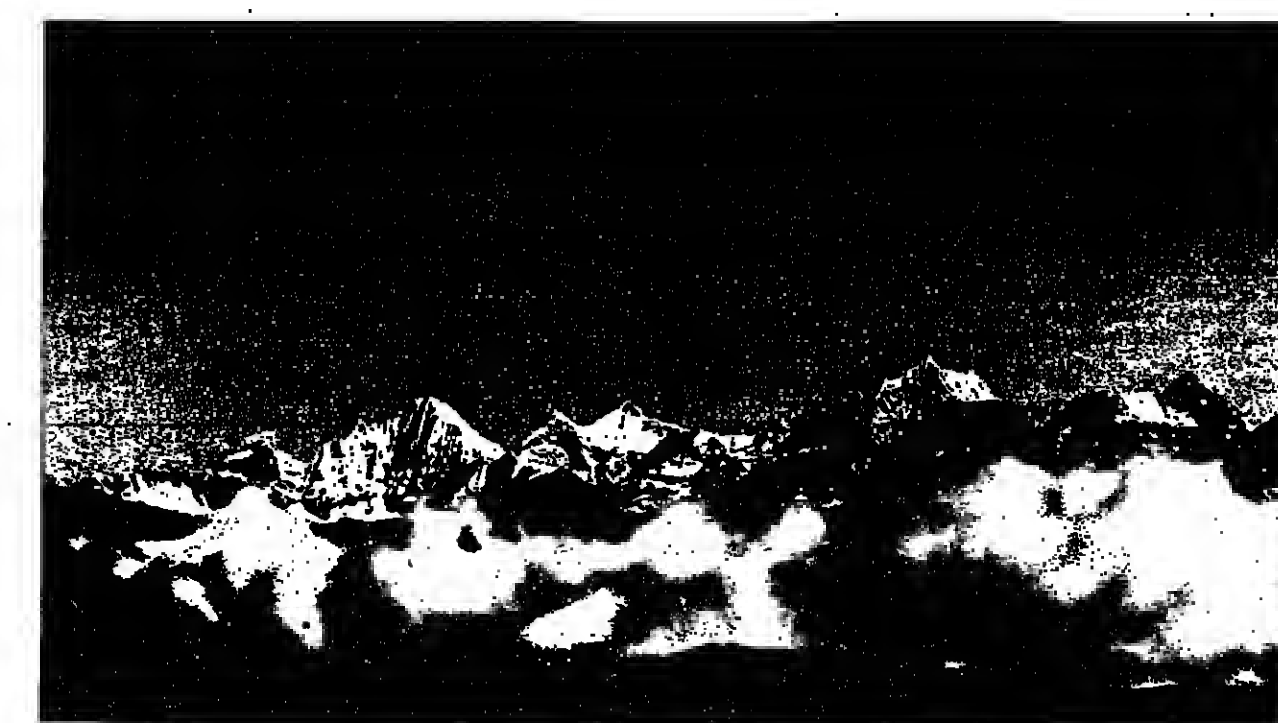
For each Dfls. 20.00 ordinary share or BDR the interim dividend of Dfls. 4.25 will be payable on the above-mentioned coupon, less 25% dividend tax.

Copies of the report for the first six months of 1983, published on the 1st September 1983, are available at the offices of the above-mentioned banks and the undersigned.

The Hague,
2nd September 1983.
Churchillplein 1,
ENNIA nv,
Executive Board.

Amsterdam,
2nd September 1983.
N.Z. Voorburgwal 326-328,
N.V. Administratiekantoor
Christiaan Huygens.

ennia nv
Insurance Group
Balanced growth internationally



When you're a commanding height in Dutch insurance there are still new peaks to conquer

In a remarkably short time Ennia has climbed up among the leaders in Dutch insurance. We don't intend to just sit and admire the view. Sustained and balanced growth on an international basis has always been our objective. It remains so for the future.

International business already accounts for about 38% of total turnover, and at the end of 1981 we took another major step overseas by acquiring The National Old Line Insurance Company of Little Rock, Arkansas, to spearhead our expansion in the USA.

The acquisition of well-managed, profitable companies in carefully selected markets is an important part of our international expansion programme. We are also pursuing a policy of acquiring minority interests in profitable companies, such as Extencare, the holding company of Crown Life Insurance, Toronto, in which we bought a 20% interest last year.

In addition to our growing presence in North America, we have offices, subsidiaries and affiliates in Europe, the Middle East, the Caribbean and South East Asia. The Ennia Group operates in three main areas: life insurance (57%), general and re-insurance (35%), and related sectors such as mortgages, property development and holiday centres (8%).

If you are interested in a soundly-based international company with a clear view of where it's going, you should know more about Ennia. Post the coupon and we'd be delighted to help.

To: Ennia nv, PO Box 202, Churchillplein 1, The Hague, The Netherlands. Telephone: (070) 727272. Telex: 31657. I would like more information about your Group.

Name _____
Company _____
Address _____

ennia nv
Insurance Group
Balanced growth internationally



WE, THE LIMBLESS, LOOK TO YOU FOR HELP

We come from both world wars. We come from Korea, Kenya, Malaya, Aden, Cyprus... and from Ulster. Now, disabled, we must look to you for help. Please help by helping our Association. BLESMA looks after the interests from all the Services. It helps to overcome the shock of losing arms, or legs or an eye. And, for the severely handicapped, it provides Residential Homes where they can live in peace and dignity.

Help the disabled by helping BLESMA. We promise you that not one penny of your donation will be wasted.

Donations and information: Major The Earl of Arundel, KVO, TO, Midland Bank Ltd., Department FT, 60 West Smithfield, London EC1A 9DX

BLESMA
BRITISH LIMBLESS
EX-SERVICE MEN'S ASSOCIATION

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

NEVER HAS Sony, that exceptionally innovative of Japanese companies, been in greater need of money-spinning new products.

Worldwide recession and cut-throat competition in its prime TV and video recorder markets have depressed its sales and slashed its earnings: if it had not been for the continued success of its four-year-old "Walkman" cassette player, Sony's profits would have been even steeper than the ignominious 66 per cent it revealed in the summer.

Recovery to its customary "star" status clearly requires a whole raft of new successes. Yet several of the company's innovative projects are not doing well. It much-hyped "Mavica" camera is in the technical doldrums, and a number of office products are taking off disappointingly slowly.

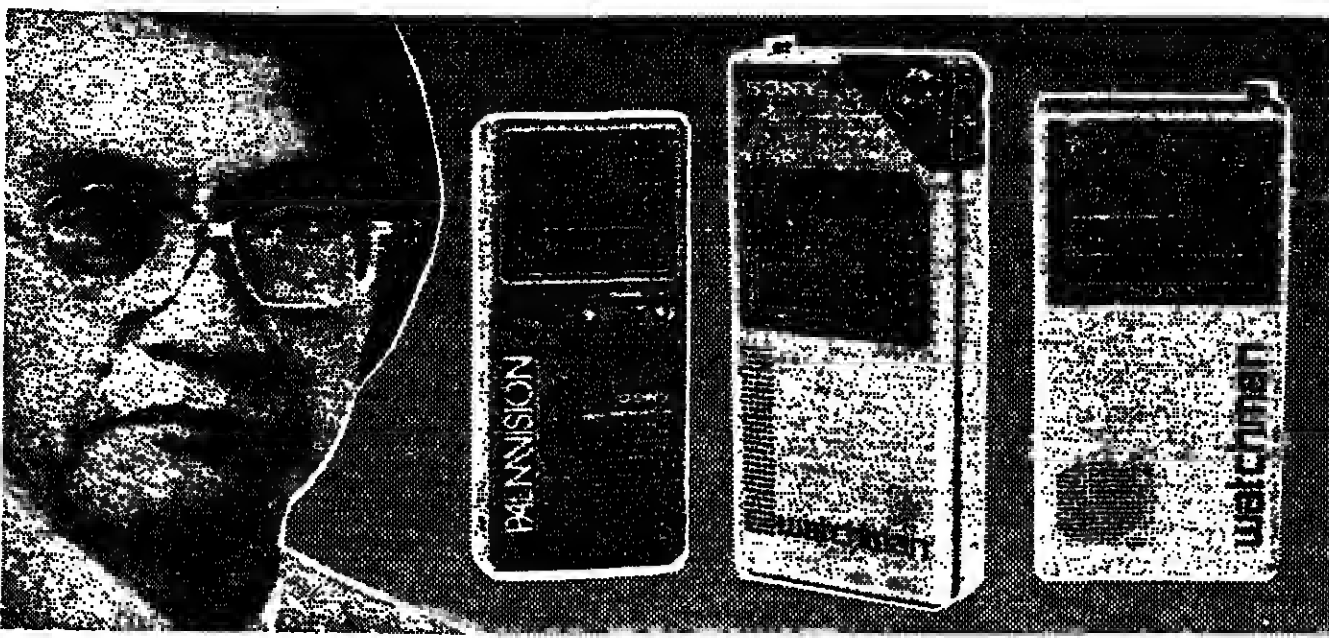
Enter Yasuo Kuroki, industrial designer. While Sony's development engineers were doing their bit over the last few years, by perfecting the technological wizardry of video digital discs, video cameras, and floppy disc systems, Kuroki's 130-strong design team was injecting a rather different approach—what he calls "software thinking"—in order to come up with adventurous ideas about future social behaviour, and some appropriate new products.

Over the last three years, Kuroki has spawned two winners: the opulent "Profel" component TV, in which the screen, receiver, tuner and speakers are split up from each other, and the flat screen "Watchman" portable; the latter will prove the prime competitor with the "pocket" TV which will be launched a week today by Britain's Sinclair Research.

Since the launch of the "Watchman" in Japan early last year, Kuroki's team has gone on to design a tiny security camera that sees in the dark. So, with several other still-secret products in the pipeline, Sony's designers are fast becoming a rich fountain of innovation for the company to set alongside its traditional sources: the technology-driven work of its various development laboratories, and the failed marketing flair of the company's co-founder and chairman, Akio Morita.

To judge from some of Morita's public utterances, one might think he still saw design in conventional terms, as merely styling plus a bit of ergonomics.

But he usually corrects himself with alacrity, emphasising



Why Sony has given new impetus to design

BY CHRISTOPHER LORENZ

ing that Kuroki's group is now also responsible for developing entire product concepts.

Away from the glare of international publicity, he has given his designers an unusually high status. Kuroki is now the only department head reporting directly to Morita's deputy, Norio Ohga, who holds the title of president; the others report to the next level down. Perhaps more significant in a culture where direct reporting lines are less significant than in the West, Kuroki also claims to be the only one who receives monthly visits from a delegation consisting of Morita, Ohga and the rest of the company's top half-dozen executives. With assiduous regularity, they troop down to Kuroki's office to inspect the designers' latest ideas.

Though some of Kuroki's projects—notably the Profel—have had to be fought through against the opposition of other departments, especially production, his designers now have the clout to discuss, and if necessary argue, on a fairly equal basis

with Sony's engineers. In other Japanese consumer electronics companies, "design tends to be very heavily dominated by the technical divisions," claims Kuroki.

So it was at Sony until five years ago. In 1978 the company's designers were all still very much "part of the factory," as Kuroki puts it. They worked out in the audio, TV, and professional equipment divisions, under the thumb of engineers, salesmen and short-term minded product planners.

But in June of that year Morita created a central design department, something Sony had not had since the 1960s, when it was very much smaller and less divisionalised. To head it, Morita drafted Yasuo Kuroki from the top of the company's domestic advertising department. The majority of the designers retained their location in the divisions, but all became part of the new central department.

In the wake of the centralisation, the overall complement of

design staff was increased by a good half, to over 100; the current total is 130, of whom 70 are design professionals, 20 of them working with Kuroki in Sony's Tokyo headquarters.

In truly inscrutable Japanese style, Kuroki says there was "no specific reason" for this centralisation. "Mr Morita simply said 'Try it'."

Part of his motivation does indeed seem to have been the time-honoured western principle that management structures ossify if they remain settled for too long. But there were also more substantial reasons for elevating the influence and status of designers by pulling them together under a senior executive.

Most immediate and down-to-earth was the need to cope with the growing convergence of the previously distinct worlds of audio and video. Before 1978 there was virtually no cross-fertilisation between designers in different parts of the company. They hardly ever had meetings and "there was very

little mutual criticism," as Kuroki puts it. Now there is intense interaction, with three tiers of formal weekly meetings involving the entire staff, and all sorts of informal communication as well.

More conceptually, Morita was beginning to be aware of the need for Sony to develop a greater depth of understanding of social attitudes and behaviour, in order to develop the "software" aspects of its products. Kuroki's use of the term has little to do with the narrow world of computer software. Instead, borrowing his terminology from J. K. Galbraith (one of the many western influences on him and Morita), he explains that "up to now Japan has only produced products, paying little attention to considerations of culture and lifestyle. We must change."

In a company with particularly little faith in market research (many people in Sony see it as a hindrance, rather than a help, in developing new

products), the ability to anticipate and exploit changing social behaviour is a crucial complement to technology-driven innovation. Sony's "feel" for how to mould the consumer has always been a key factor in its commercial success, from the transistor radio in the 1950s, through small black and white TVs in the 1960s, to VCRs and the Walkman in the 1970s, and now in the 1980s to Kuroki's two very different sorts of TVs, the Profel and the Watchman. This knack, in which market research can at best play a subsidiary role, will take on even greater competitive significance in the future.

It was to underline top management's changing view of design that the English title of Kuroki's department was changed, within six months of its creation in 1978, from "Design Division." The utterly confusing replacement, "PP Center," does not, as many outsiders have assumed, refer to "product planning"—within Sony this would be far too restrictive.

Instead, says Kuroki with a vague sweep of his hand, it means "product presentation, proposal, promotion—all those!"

The article on the above explains how Sony's designers, in their powerful new role, conceived the Watchman, and steered it through the always tricky processes of development and production.

Though Kuroki is not a believer in the common western practice of creating multi-department "project teams" to surmount all the inter-departmental hurdles which tend to bedevil the development process, he does admit that even as entrepreneurs—yet—

agony, a company as Sony is not free of such barriers. So he is thinking of inventing a small group of product "merchandisers" to track projects right through from early planning into production, marketing and on into re-design.

It will be a major challenge to do this without cutting cor-

Morita v. Sinclair

a small, hand-held TV rather than the bigger screen set at which everyone had been aiming (and still is), the engineers were quick to respond.

The designers' original idea was for a highly specialised product, directed particularly at professional use—especially by TV programme makers, both in the studio and on outside broadcasts. Encouraged by chairman Akio Morita, they raised their sights to various other specialised market segments, including people watching sports events.

But no one foresaw the current level of demand, which is outrunning the production capacity of 200,000 sets a year. The Watchman is no longer seen by everyone within Sony as "just a gadget," as Morita described it last year—an attitude which initially discouraged the company from investing much in production equipment or the streamlining and cost-reduction of the set's circuitry and components, and which allowed competitors like Sinclair to describe it as "jerry-built."

This investment has now been made, with the result that the Mark II version of the Watchman—not yet on

sale in Europe, but shown on the right—is a much better product, in every sense. The tube has been redesigned so as to reduce battery consumption and make it cheaper to produce. This, together with the improved circuitry, has allowed Sony to make the set about 25 per cent lighter than the Mark I, a quarter of an inch narrower (down from 3½ inches) and 1½ inches shorter (down from almost eight inches). Though still well an inch thick to accommodate the batteries, the set is altogether more comfortable to hold and use than its predecessor.

"Watchman II" goes on the U.S. market next month at about \$200, more than a third less than the price of the original version. Not only will this bring the price into line with the designer's initial target, but it will narrow the gap with Sinclair's far more revolutionary—but much cheaper—"pocket" TV. After a good year's delay, this will be launched next week on the UK market, where it will be priced at about £80 (£120) even though at 15 hours its specially-designed tube and power cell will provide about four times the battery life. Though Sinclair's technological lead and pricing strategy should really open up the market for tiny TVs, it will be difficult to dislodge Sony from the entrenched position it has already won through fleetness of foot and the flair of its design.

Arch competitors of the Watchman, such as Sir Clive Sinclair, have attacked the company for launching it last year with unwieldy and expensive components so that it had to be redesigned within 15 months to reduce the cost of manufacture, and to trim its somewhat inelegant size.

Kuroki concedes that production engineers were not involved in the early stages of the Watchman's design, though development engineers certainly were. But rather than seeing the quick-fire re-vamping of the Watchman as a reflection of inadequate initial design, as Sinclair would claim, it is equally possible to argue that Kuroki and his team scored an essential success by getting their product into the market first. Not only is Sony now further than Sinclair down the so-called "experience curve" of low-cost, mass manufacture, but it has been able, as so often in its history, to create an innovative aura for a Sony product so that it can command a premium price.

Thunderous Applause



Flawless concert reproduction is now within reach.

The DA-800 is here. A compact disc digital audio player from a leader in the field, Hitachi.

The DA-800 utilizes an ultra-fine laser beam that "reads" compact discs (CDs)—achieving performance levels that far outpace even the finest analogue turntable.

The result is nothing short of spectacular.

With the DA-800, fantasy abounds. Simply sit back in your favourite chair and close your eyes. You will feel as though you are a part of the original performance, surrounded by every nuance of crisp, clear sound.

In fact, the only thing that separates the DA-800 from a rousing concert performance is the thunderous applause.

But then again, you'll be inspired to provide your own.

You're going to love what we've taken away.

Best of all, there is nothing hidden within the sound to spoil this illusion. Analogue recording glitches such as feedback, pops, ticks, rumble, and scratches have been totally eliminated.

Distortion is a mere 1/1000th of conventional turntables.

"Ocean roar" has been replaced by absolute silence.

And "wow and flutter" has been replaced by "ooohs and aaahs."

Encore. Encore.

Since a CD is virtually immune to the punishing effects of wear, scratches, and dust, it always sounds the same. The first time you play it. And the 1000th.

A born performer.

The marvels of the DA-800 are not

limited to flawless sound reproduction. They also offer a whole new world of playback flexibility through a wide range of programming options.

Program up to 15 selections in any sequence.

Repeat your favourites. Eliminate the ones that aren't.

Other programming options include: 4-way Repeat, Auto DRPS, SPSS, and Manual Search.

And it even looks as good as it sounds.

The DA-800's black finish provides a professional look, and its component format allows it to stack uniformly with the rest of your system. Its horizontal front

loading system glides open and shut with the simple touch of a button.

Built by a leader in technology.

The technology that makes the DA-800's revolutionary performance possible is provided by Hitachi's massive

research and development effort. Hitachi's expertise in opto-electronics and mechanical-electronics, as well as advanced semiconductor technology, has resulted in more than 140 patents and patents pending, affecting all areas of the CD reproduction process.

Hitachi displayed prototype versions in audio fairs as far back as 1977. They also produced one of the world's first commercially available CD players, the DA-1000.

Sounds too good to be true.

Words cannot accurately describe

this remarkable experience. You're simply going to have to listen and judge for yourself.

Do it soon. But hold your applause until the end. You won't want to miss a single note.

Hitachi
Compact Disc
Digital Audio Player
DA-800



HITACHI

A World Leader in Technology

Inquiries to: HITACHI SALES (UK) LTD.
Hitachi House, Station Road, Hayes, Middlesex UB3 4DR Tel: (01) 848-8787

UK COMPANY NEWS

Sedgwick lifts interim as profits advance 21%

Mr Neil Mills, chairman, of Sedgwick Group—insurers and reinsurance brokers—describes a 21 per cent advance in interim profits as "solid growth."

He declines to forecast the year's outcome, but says that the group's international strength will provide the basis for "continued growth and strength."

Revenue in the six months to June 30 1983 improved by 19 per cent from £108.8m to £129.3m, and despite a £12.3m increase in expenses to £81m, profits at the pre-tax level increased to £48.3m against £40.1m. The interim dividend is stepped up by 0.25p to 2.75p.

The results of the group's insurance companies have been

excluded. The directors say that, in view of the nature of the businesses, the results for the six months would be misleading and would not be material to the group as a whole.

Mr Mills says that trading conditions are still difficult but none-theless the group's business worldwide has continued to expand. He adds that the performance of the insurance and reinsurance operations in the UK has been particularly commendable. Also the retail insurance interests in Canada and South Africa also reported significantly increased profits.

Overseas earnings have continued to be affected by exchange rate movements, and he esti-

mates that the taxable surplus might have been £85m lower had the rates remained at the levels prevailing on the comparable period.

Strong growth in brokerage income more than compensated for the lower interest earnings.

The tax rate is up from 49 per cent to 51 per cent, as a consequence of the larger proportion of UK profits in the overall result, and absorbs £24.6m against £19.8m. After minorities of £300,000 (£100,000), earnings for the period were £28.2m (£20.2m), equal to 10.8p (9.4p) per share.

The retained surplus was up £2.2m to £20.2m after deducting dividends of £8m (£5.4m).

See Lex

Delta moves ahead to £13.41m at midterm

ON LOWER turnover of £252.02m, compared with £259.27m, taxable profits of electrical equipment, fluid controls, metals and resource services concern Delta Group advanced from £5.51m to £13.41m in the first half of 1983.

This follows a turnaround from losses of £710,000 to profits of £52m by the fluid controls division. Electrical equipment profits slipped from £6.66m to £6.54m and resource services from £3.63m to £2.77m, while metals moved ahead from £1.23m to £3.77m. Corporate finance losses were cut from £7.3m to £5.7m. The directors say the marked improvement by the fluid controls activities was helped by the benefits of rationalisation and some improvement in volume, while the electrical equipment profits were lower due to pressure on margins.

Demand for metals was depressed and the resources services were affected by the recession in Australia and Africa.

Including metal stock profits of £4.16m, compared with losses of £2.04m, trading profits advanced from £10.99m to £16.36m after depreciation of £7m (£5.24m) and rationalisation and redundancy costs of £1.56m (£1.8m).

Tax took £8.34m (£4.8m) and after minorities of £160,000 (£90,000) earnings per 25p share are given as 4.5p (0.4p). The interim dividend is being maintained at 1.5p. Last year's total of 3.4p was paid.

Since the halfway stage, the directors say that in the UK, the improvement in demand for electrical equipment and fluid controls was not uniform across the group, and in particular the deepening recession in Australia adversely affected the Australian associated company and the group's overall results by £579,000.

Profit margins remain inadequate. The pressure on margins in the fluid controls division, however, remains very competitive. Overseas there is little sign as yet of any improvement in the Australian and African economies.

● comment

Delta has recently become a highly regarded recovery stock, and these figures together with the implicit restoration of the dividend, have not given cause to rethink that opinion. An overall reduction in turnover illustrates that the extent of Delta's rationalisation programme, and the difficulty of shifting prices. With the partial exception of the fluid controls division, however, the demand is not yet imminent. It may look odd that the metal stock profit of over £4m is taken above the line whereas last time around a loss of £2m was taken below the line. But the company insists the change is simply a falling into line with the terms of the last Companies Act. The reduction in interest charges owes more to rates than a cut in the absolute level of borrowings, and capital gearing is still around 50 per cent. If Delta's sales were to break the £1 billion barrier a rights issue might well come into the agenda. And if the cable business picks up then an adventurous possibility would be to float the electrical division onto a fashion conscious stock market. For the time being, at 61p, the prospective yield of 8.8 per cent seems an adequate support.

Hepworth Ceramic advances £2.94m

IN HIS interim report covering the six months to end-June 1983 Mr Peter Goodall, the chairman of Hepworth Ceramic Holdings, reveals that profits at the pre-tax level advanced by almost 25 per cent over the period and that he expects the improvement to continue.

With turnover up by £15.43m to £167.9m, trading profits pushed ahead from £13.94m to £16.4m and after taking in a £300,000 lower contribution from the associates at £41,000 and deducting interest costs of £1.32m, compared with £1.49m, pre-tax figures came through £23.94m higher at £15.04m.

First half earnings increased by 1.1p to 5.1p per 25p share and the net interim dividend is being stepped up from 2.25p to 2.5p, absorbing £3.93m, against

£3.54m previously—a final of 3.35p was paid for 1982 from taxable profits of £24.61m.

In his report, Mr Goodall points out that the improvement in profitability—the group manufactures vitrified clay, plastic pipes and refractory products—arose under three main heads.

Firstly, he says, there was an upturn in private house building which had a direct effect on some 20 per cent of group turnover.

Secondly, the chairman reveals that the long drawn-out erosion of group's turnover in real terms, insofar as the remaining 80 per cent of turnover was concerned, came to a halt with the result that the directors' continuing drive for efficiencies was on a more or less stable turnover,

reflected directly in group profits.

Thirdly, he remarks that the group is trading profitably in the U.S., which represents a "very considerable" turnaround from its performance there last year.

Mr Goodall says he expects the improvement to continue and, as the economy picks up, "to gather momentum."

Tax for the first six months accounted for £7.09m, against £5.87m, to leave attributable profits at £7.95m, compared with £6.54m. Depreciation was little changed at £5.23m (£5.3m).

In a report last April, the chairman said he believed that there was some sign of an upturn in UK business and that he was hopeful that steps taken in the

U.S. would eliminate losses over there and produce a profit.

He added that America had, in 1982, proved to be a very disappointing operation and instead of offsetting recessionary conditions in the UK and Europe, had greatly added to difficulties and actually needed support from the UK.

The report concluded that if turnover increased in real terms at the same time as the directors' policy of pursuing more profit out of less turnover the result would be dramatic.

It was announced in March this year that the group intended to make an offer to acquire Steetley but following a referral to the Monopolies Commission, the offer lapsed.

See Lex

Ultramar \$350m credit facility

BY CHARLES BATCHELOR

Ultramar, the UK oil and gas production and marketing group, has agreed a \$350m 10-year revolving credit facility which may be used to fund a further expansion of its reserves.

Mr Howard Pearl, finance co-ordinator of Ultramar said: "We are on record as wanting to get more production in the North Sea and elsewhere. We have been looking at certain things."

Ultramar will be considering whether to bid for any of the Forties Field stakes which British Petroleum plans to put up for sale, but the credit facility was arranged several weeks ago before BP's plans were announced.

"The credit facility is new money and will not be replacing

old," said Mr Pearl. "It will be available to us if we want it. We can go in and out or turn it into a term credit facility."

The facility is denominated in U.S. dollars but may be taken up in sterling, U.S. or Canadian dollars. It carries a rate of interest slightly above either Libor, U.S. prime rate or the certificate of deposit rate.

The credit agreement is between Ultramar America Limited, a wholly-owned group subsidiary and a syndicate of banks led by Bank of America.

Announcing the agreement, Ultramar said the funds would be available to Ultramar America and other designated group subsidiaries "for general corporate purposes and particularly for development of the group's

interests in the U.S. and the UK."

Other syndicate members are: Bank of Montreal, The Bank of New York, Continental Illinois National Bank, Marine Midland Bank, National Westminster Bank, The Bank of Tokyo-Mitsubishi Bank, Chemical Bank, Crocker National Bank, Inter-First Bank Dallas, Irving Trust Company, Lloyds Bank International, Security Pacific National Bank, Standard Chartered Bank and Union Bank.

In February 1983 Ultramar carried out a one-for-four rights issue to raise £105m and has since acquired Pecten Petroleum, a petroleum and distribution and marketing company, from Pecten Company, a Conocoil oil concern, for \$100m.

Prudential Corporation

Interim Results

Profits and Dividend

The estimated total profit after tax for the first half of 1983 was £8.3m higher at £28.3m. Profits from long-term business and the investment income on shareholders' funds were both higher. There was a reduced trading loss on general insurance business, principally due to a continuation into 1983 of the favourable experience in Canada in the second half of 1982, some recovery from the weather-affected results in the UK, and an increase in investment income. The general insurance underwriting results from Mercantile & General, the group's specialist reinsurer, continue to be unsatisfactory. The Directors have declared an interim dividend of 5.5p per share (1982 5.0p) payable on 17 November to shareholders on the Register at close of business on 20 October.

Unaudited Estimated Results		Half year ended 30 June		Year
		1983	1982	1982
		Estimated	Estimated	Actual
		£m	£m	£m
Long-Term Business:	Premium income	762.4	692.6	1,380.1
	Surplus attributable to shareholders	25.6	23.7	50.4
General Insurance Business:	Premiums written	356.7	309.1	606.5
	Underwriting result	(37.3)	(42.1)	(67.6)
	Investment income	33.3	27.9	60.3
	Trading profit (loss) before tax	(4.0)	(14.2)	(7.3)
	Taxation credit	1.3	6.2	3.6
	Profit (loss) after tax	(2.7)	(8.0)	(3.7)
Shareholders' Income:	Investment income	10.2	8.6	17.6
	Miscellaneous net income	0.4	0.1	0.3
	Expenses	(1.2)	(1.1)	(1.9)
	Taxation	(4.0)	(3.3)	(7.1)
	Other income after tax	5.4	4.3	8.9
Summary of Results:	Long-Term business	25.6	23.7	50.4
	General insurance business	(2.7)	(8.0)	(3.7)
	Shareholders' other income	5.4	4.3	8.9
	Total profit after tax	28.3	20.0	55.6
	Earnings per share	9.5p	6.7p	18.6p

Notes

1 The half year results should not be taken as a guide to the likely results for the year as a whole.
2 The results for the half year ended 30 June 1982 are translated mainly at end 1982 exchange rates, and have been restated on the basis adopted for the 1982 Accounts.

Long-Term Business

The total surplus from long-term business attributable to shareholders was 8% higher at £25.6m. This result reflects further progress at Prudential Assurance but a reduction at Mercantile & General in the absence of the non-recurrent element in last year's results.

General Insurance Business

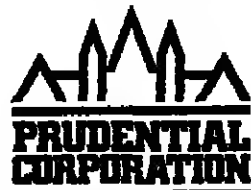
		Half year ended 30 June		Trading profit (loss)	
		1983	1982	1983	1982
		£m	£m	£m	£m
UK	124.8	110.7	(14.8)	10.9	9.3
Canada	47.6	44.3	6.4	3.8	3.3
EEC	22.9	23.0	(4.1)	3.8	2.5
Other Countries	24.6	22.1	(3.4)	2.3	2.1
Marine & Aviation	9.6	6.0	(2.1)	1.3	1.2
Mercantile & General	127.2	103.0	(19.3)	11.9	9.5
	356.7	309.1	(37.3)	33.3	27.9

In the United Kingdom the underwriting loss on domestic property was lower at £4.9m (1982 £8.4m) including over £7m from the bad weather. Motor premium rates were reduced in February and as expected the underwriting loss was higher at £5.1m (1982 £3.5m). The results include exceptional costs of over £3m arising from the previously announced general insurance business reorganisation in the UK, and further such costs will arise in the second half.

In Canada, following the marked improvement in the results in the second half of 1982, there was a trading profit of £10.2m, but intense competition for business has led to reductions in premium rates which will inevitably affect profitability in the second half. At Mercantile & General, underwriting results continue to give cause for concern, particularly in the proportional and marine accounts. The benefit to be expected from the more selective approach to underwriting will not appear in reported results for some time.

Investment Income

Investment income on general insurance and shareholders' funds combined increased by 19% to £43.5m.



Prudential Corporation plc., 142 Holborn Bars, London EC1N 2NH.

Automotive back in black midway

IN THE first half of 1983 vehicle and aircraft equipment manufacturers' Automotive Products turned round from taxable losses of £276,000 to profits of £1,039.

For the whole of the 1982 year the total loss was £1,111m. With earnings per 25p share given as 0.32p (losses 1.76p) on a net basis and 0.73p (losses 1.56p) on a full distribution basis the interim dividend is being maintained at 0.5p. In 1982 the final payout was passed.

The directors say that demand increased for the fluid controls products in both the original equipment and replacement parts markets. Nevertheless, this demand was not uniform across the group, and in particular the deepening recession in Australia adversely affected the Australian associated company and the group's overall results by £579,000.

Profit margins remain inadequate. The pressure on margins in the fluid controls division, however, remains very competitive. Overseas there is little sign as yet of any improvement in the Australian and African economies.

Matthew Clark improves £1.2m and pays 10p total

INCLUDING an exceptional credit of £399,000 relating to the release of various provisions no longer required, pre-tax profits of Matthew Clark & Sons (Holdings) advanced from £2.3m to £3.52m for the year to April 30 1983 — a material improvement had been expected.

Earnings per 25p share and an increased final dividend of 7p lifted the net total by 1.75p to 10p. Turnover of the group improved to £72.2m (£61.8m) before Customs and Excise Duty of £30m (£24.57m).

At the attributable level, profits totalled £1.06m (1982 £0.00) after a loss of £1.22m (£54,000), minorities of £734,000 (£543,000) and an extraordinary debit last year of £141,000.

Mr Francis Clark, the chairman, says the group has further strengthened its position as the country's leading independent distributor of wines and spirits. He adds that every group company showed very good results over the year and that with trading conditions showing the appearance of improving slowly, he is confident about the future of the group. The group was a distributor for Macallan-Glenlivet for a full year for the first time, and was distributor for Irish Distillers for 11 months. The chairman points out that both these agencies con-

tribute materially to profits and both have potential for considerable development.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

First half group pre-tax profits were up from £1.5m to £1.81m.

Stewart Plastics dips to £2.56m

The downturn in pre-tax profits seen in the opening half at Stewart Plastics—profits were down from £1.49m to £1.3m—continued into the second half and the figures were down from £1.44m to £1.27m.

For the year to April 30 1983 pre-tax profits were £2.56m compared with £2.93m. Turnover, being the amount receivable for goods sold net of VAT, was down from £9.02m to £8.77m.

The pre-tax figure included interest receivable of £653,955 against £244,975. After tax up from £1.13m to £1.21m, attributable profits were £436,690 lower at £1.38m.

The total dividend is effectively raised from an adjusted £1.735p to £2.023p with a final of 1.363p (1.363p adjusted). There were waivers on the final dividend of £80,675 (£56,770). Stated earnings per 25p share fell from 7.5p to 6p.

Mr C. Dugan-Chapman, the chairman, says the first four months of the current year show an improvement in turnover of 8.6 per cent.

H. Woodward

For the six months to March 31 1983 pre-tax profits of H. Woodward and Son, commercial vehicle distributor and body-builder, car dealer and civil engineering contractor, improved from £30,250 to £22,683 from turnover £9,434m ahead at £8,525m. The net interim dividend is held at 0.5p per 12.5p share. First half tax charge rose from £13,750 to £16,965.

Braithwaite & Co. Engineers P.L.C.

Bridge and Constructional Engineers Pressed Steel Tank Manufacturers

Extracts from the statement of Mr J.A. Humphries (Chairman)

■ Trading Profit increased again by 10% at £1,023,850.

■ Dividend increased again to a total of 9.1p per share for the year.

■ Profits achieved at Plastic Recycling Ltd. with further expansion in sales and production.

■ New range of air pollution control equipment to be fabricated at Newport Works.

■ All subsidiary companies contributing and another profitable year's trading expected.

	1983	1982
Turnover	£11,017,000	£9,534,000
Profit before tax	1,023,850	929,167
Profit after tax	819,250	843,667
Earnings per share	30p	30.9p
Dividend	9.1p	8.1p

The Secretary, Braithwaite & Co. Engineers P.L.C., 59 Church Road, Great Bookham, Leatherhead, Surrey KT23 3JL.

Following a shortfall halfway, Thorpac Group fell into the red during the second six months, and finished the year with sharply lower taxable profits of £17,000 against £257,000.

Anticipated closure costs are put at £157,000 and have been written off as an extraordinary item.

Earnings per share before this are given as 0.8p, down from 7.5p, but a higher final of 1p is being paid, and lifts the year's total to 2p (0.

UK COMPANY NEWS

Cookson hits £10m mark

ALTHOUGH SOME of its operations in the United Kingdom remained unprofitable, Cookson Group, formerly Lead Industries Group, says overall results showed an improvement from the ongoing benefit of earlier cost reductions.

In the United States, the recovery was more marked, cost reduction programmes enabled the subsidiaries to achieve much improved trading results.

The group's pre-tax profits rose from \$8.2m to \$10.1m in the six months to June 30, 1983. Sales improved from £232.3m to £287.2m, and trading profits came out higher at £19m compared with £14.8m.

Subsidiaries' contribution to trading profits improved from

£7.4m to £9.6m, and associates' share showed an almost identical increase from £7.4m to £9.4m. The pre-tax figure was after interest charges of £8.9m (£8.6m).

The interim dividend is unchanged at 3.7p net. Earnings per share jumped from 3.5p to 11.9p. After tax of £4.9m (£4.3m) and minorities of £100,000 (£200,000), attributable profits emerged substantially higher at £9.1m against £7.7m.

There were extraordinary debits of £300,000 (£100,000 "credits"), and additional depreciation on current values of fixed assets of subsidiaries totalled £2.8m (£2.7m).

The directors say there are many doubts about the extent of

the economic recovery in the UK and U.S. Group profits will be influenced by exchange rates, but current indications are that the comparisons of profitability with 1982 remains as favourable as in the first half.

Toxide Group, an associated company, increased its pre-tax profits from £7.36m to £9.89m in the first six months of 1983. Turnover climbed from £102.9m to £130.4m. Earnings per share rose from 7.5p to 13.9p.

comment

Cookson Group's shares had performed outstandingly this year and the market was clearly ready for a bout of post-taking after the results announcement. In the event, the figures were

still better than anyone expected, so his shares grudgingly put on 1p to 20p. The outperformance of the share price has removed the high yield tag, and Cookson is now a bet on industrial recovery. However it is difficult to escape the impression that the company has restructured mainly in order to cope if there is no recovery. In the areas where there has been an upsurge in demand, it has not been accompanied by a firming up of prices.

Fortunately Cookson has not been subject to any significant increases in material costs. The last line of the chairman's statement seems to imply full year pre-tax profits approaching £19m, and the shares are yielding 6.2 per cent.

W. Collins improvement expected to continue

ALMOST DOUBLED profits and an increased dividend are revealed by Glasgow-based publisher William Collins for the 27 weeks ended July 3, 1983 and in their interim report the directors say they are confident that the trend of improving profits reported over the past three years will be maintained in the second half.

Although net interest charges rose by £302,000 to £715,000 this was more than offset by a £248,000 drop in exceptional debits (severance costs) to £114,000 and a £88,000 bigger contribution from the subsidiaries to £228,000 which left group pre-tax profits at £2,041m, compared with £1,25m for the opening half of 1982.

Earnings per 'A' and ordinary shares were up by 3.4p to 10.5p and the net interim dividend on the respective shares is being increased from 3p to 3.5p—a final of 5.5p was paid previously.

Turnover for the six months expanded from £35.66m to £43.09m and trading profits totalled £2,541m, against £1,78m, before interest charges.

Tax accounted for £222,000 (£285,000) and available profits emerged at £1,82m (£981,000) from which dividend payments absorb £604,000 (£414,000).

The integration of Granada Publishing has proceeded "very satisfactorily." The increase in the interest charge was attributable to the acquisition and to the level of working capital required to support increased trading.

comment

Collins is beginning to show the sort of performance that justifies the faith of those shareholders who said "No" to Rupert Murdoch's bid two years ago. These are still dull days for UK publishers yet Collins looks a way to perhaps 57m pre-tax this year. The purchase of Granada Publishing this summer has been a help but its importance should not be overplayed within these figures. Consolidated for only three months it clipped in less than £200,000 to profits. Its impact will be greater from here on as the two companies merge but because Collins is using Granada Publishing to fill up its own underworked paperback production lines in Glasgow. On top of that, Collins is slimming down, as witnessed by a series of exceptional charges, is beginning to pay off. Perhaps the only real cloud in Collins' sky is its slumped sales. The non-voting shares rose 13p to 308p yesterday for a prospective yield of around 4.8 per cent.

Water treatment growth lifts Portals to £7m

INTERIM TAXABLE profits of Portals Holdings increased by just over 14 per cent, thanks mainly to a higher contribution from the water treatment and engineering division.

For the half year to June 30 1983 the result emerged at £7.01m against £6.13m on turnover of £90.06m compared with £81.34m.

The interim dividend has again been increased by 0.5p to 6.25p. The directors say that the expected there was considerable growth in profits from water treatment and engineering, up from £2.16m to £3.01m on turnover of £70.51m against £62.15m.

They believe that this level of growth can be sustained in the second half, and are looking for further growth in the future.

Turnover in the papermaking division fell from £21.64m to £20.91m but profits were maintained at £2.65m. This side of the business, say the directors, is being held back by weaker demand and increasing competition, coupled with losses incurred in the new U.S. mill during its months of operation. However, they add, some areas

are looking brighter, particularly export orders for non-currency security paper. The results from the American company will improve, they add, and that benefit will accrue from the current capital investment and development programmes in other mills.

Profits from the property side were £20,000 higher at £575,000 with turnover improving from £777,000 to £832,000.

Interest receivable added £366,000 (£607,000) and unallocated costs absorbed £590,000 (£840,000).

Mid-term earnings rose by 2.45p to 18.72p, and from 15.48p to 17.65p on a fully diluted basis.

The tax charge for the period was higher at £3,58m (£2,94m), and after minorities of £30,000 (£10,000) and preference dividends £18,000 (£18,000), the attributable balance emerged at £3,33m compared with £2,94m.

Last year the company achieved profits of £3.66m in the second half, making £14.75m for the year. A final of 3.75p was paid, lifting the year's total to 15.5p (14p).

comment

Portals has turned in figures better than expected and is coming through a difficult year well. Though the paper division was fairly dull in the first half the figures include the large start up costs involved in the new U.S. mill in deepest Georgia. The company is still holding its place at the quality end of the paper market providing 60 per cent of the world's banknote paper as well as a large chunk of the market for travellers' cheques and securities paper. But the major boost in profits for this half was the water treatment division. The large contract to Iraq has not been seriously affected by the war with Iran and third world troubles in general have not held up any of the other big contracts. Forecasts for the year have now been revised upwards to around £16m pre-tax. The shares closed 10p up yesterday at 565p giving a p/e ratio of about 13 fully diluted. The net dividend could well be pushed up to 17p for a yield of around 4.3 per cent.

Bestobell declines to £4.08m

ALTHOUGH turnover of Bestobell, the international company specialising in component technologies, expanded from £61.61m to £66.94m for the first six months of 1983, profits at the business, say the directors, declined by £898,000 to £4.08m.

However, there are signs that the better economic climate in Europe and the U.S. is continuing to help the company. The directors expect some improvement in group trading in the second half of the year.

Meanwhile, the net interim dividend is held at 5.7p from earnings of 14.1p (15.6p) per 25p share.

Commenting on the results, Mr A. B. (Sandy) Marshall, the chairman, says that somewhat better conditions enabled the group to maintain trading profits in the UK but that in recent months, the loss incurred in the worldwide economic recession intensified in Australia and South Africa where profits were reduced.

He adds that the improvement in profit in aviation and seals, after the interruption of business in the second half of 1982,

"is notable." The group's balance sheet remains satisfactory with the debt/equity ratio similar to that at the end of 1982.

Pre-tax figures for the opening half were struck after deducting higher interest charges of £883,000, compared with £558,000.

Tax accounted for £1,72m (£2.1m), minorities £90,000 (£160,000) and extraordinary items £1.3m (nil) to leave attributable profits £1.54m behind at £975,000.

The extraordinary debit reflects the full estimated net cost of further rationalisation throughout the group, principally in overseas companies, to secure increased margins. It is expected that the programme will be completed by the year-end with significant operational benefits to follow in 1984.

Group pre-tax profits for the 1982 year totalled £6.71m and a final dividend of 7.8p was paid.

comment

Bestobell served up two surprises for its followers yesterday. On the plus side aviation

and seals bounced all the way back after the collapse of the previous six months when the aircraft and engine manufacturers virtually stopped taking supplies. However the impact on profits was neutered by an unexpected downturn both in Australia and South Africa. In the former a tendency for contracts to be stretched out has compounded the general sluggishness of the manufacturing sector while in South Africa the recession has gathered a momentum and ferocity beyond expectations. Major surgery has been undertaken in Africa while less drastic measures were needed in Australia. The other major part of the £1.3m extraordinary cost is the withdrawal from France. Such measures will not boost trading profits until next year so for 1983 pre-tax profits are unlikely to achieve more than £3m to £3.5m. The shares have tended to drift this year, as much a reflection of fading speculation over BTR's 24 per cent holding as anything else, and at 200p the p/e is now probably less than 10 taking a line through the interim tax charge.

Appleyard turns in £0.3m profit

A return to profits is reported by the Appleyard Group for the first six months of 1983.

The company has recovered from three consecutive years of losses with profits before tax of £220,000 against £44,000 loss in the comparable period last year.

Turnover for the six months to June 30 increased by 16 per cent to £63.73m against £54.85m. There was a trading profit of £690,000 compared with a £64,000 loss. The pre-tax result was after a lower interest charge of £565,000 (£708,000) and associated company profits this time of £138,000 (loss £10,000).

With the depletion of the company's resources over the past three years the directors do not feel justified in paying an interim dividend. The last dividend paid was an interim of 0.1p in 1981.

The company is engaged in distribution and retailing of cars, commercial vehicles, agricultural equipment and fuel oil. Appleyard Finance, jointly owned with the Mercantile Credit Company, produced good profits in the period compared

with a small loss in the corresponding six months.

Provided that interest rates do not escalate and that confidence picks up in the business community the directors believe that the group's improvement in performance will be sustained.

Tax for the period took £76,000 (nil), extraordinary items £35,000 (£310,000), preference dividends £100,000 (same) to leave a retained surplus of £109,000 compared with a £1.37m deficit. Earnings per share are given as 1.8p (loss 10.6p).

Portals Holdings PLC

Banknote and Security Paper, Water Treatment and Engineering, Property

Results for the half year to 30th June 1983

	Six months to 30th June 1983 £ thousands	Six months to 30th June 1982 £ thousands
Group Turnover.....	90,061	81,335
Group Profit before Taxation....	7,010	6,130
Profit attributable to Ordinary Shareholders.....	3,379	2,936
Earnings per Ordinary Stock Unit.....	18.72p	16.27p
Interim Dividend (payable 30th December 1983)...	6.25p	5.75p

The half year Profit before tax for the half year has risen by 14.4%.

In Papermaking market conditions remain difficult but we believe that growth in the Water Treatment and Engineering Division will continue.

Our cash resources remain strong. We have recently acquired LA Water Treatment Corporation of Los Angeles, U.S.A.



1982 The Queen's Award for Export Achievement

For a copy of the full interim statement apply to: The Secretary, Portals Holdings PLC, Laverstock Mill, Whitechurch, Hants, RG28 7NR. Telephone: 0256 82 2360.

New Issue
September, 1983

All of these securities having been placed, this announcement appears for purposes of record only.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Washington, D.C.

U.S. \$ 200,000,000
12% U.S. Dollar Notes of 1983, due 1993



Deutsche Bank Aktiengesellschaft	Credit Suisse First Boston Limited	Daiwa Europe Limited
Algemene Bank Nederland N.V.	Banque Paribas	Morgan Guaranty Ltd
Goldman Sachs International Corp.	Merrill Lynch International & Co.	Salomon Brothers International
Morgan Stanley International	Orion Royal Bank Limited	Union Bank of Switzerland (Securities) Limited
Société Générale de Banque S.A.	Swiss Bank Corporation International Limited	S.G. Warburg & Co. Ltd.
Amro International Limited	Arnhold & S. Bleichroeder, Inc.	Atlantic Capital Corporation
Baden-Württembergische Bank Aktiengesellschaft	Julius Baer International Limited	Banca Commerciale Italiana
Banco del Gottardo	Banco di Roma	Bank of America International Limited
Bank Gutzwiller, Kurtz, Bungenier (Overseas) Limited	Bank Leu International Ltd.	Bank Mees & Hope NV
Bank of Tokyo International Limited	Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur
Banque Générale du Luxembourg S.A.	Banque Indosuez	Banque Internationale à Luxembourg S.A.
Banque Nationale de Paris	Banque de Neufchâtel, Schlumberger, Mallet	Banque Populaire Suisse S.A. Luxembourg
Banque de l'Union Européenne	Banque Worms	Banque Paribas S.A. Luxembourg
Baring Brothers & Co., Limited	Bayerische Hypotheken- und Wechsel-Bank Aktiengesellschaft	Banque Paribas S.A. Luxembourg
Bayerische Vereinsbank Aktiengesellschaft	Berliner Bank Aktiengesellschaft	Banque Paribas S.A. Luxembourg
Blyth Eastman Pease Webber International Limited	Cazenove & Co.	Banque Paribas S.A. Luxembourg
Chemical Bank International Limited	CIBC Limited	Banque Paribas S.A. Luxembourg
Commerzbank Aktiengesellschaft	Compagnie de Banque et d'Investissements, CBI	Banque Paribas S.A. Luxembourg
Country Bank Limited	Credit Commercial de France	Banque Paribas S.A. Luxembourg
Credit Lyonnais	Credit du Nord	Banque Paribas S.A. Luxembourg
Deutsche Bank	Deutsche Girozentrale	Banque Paribas S.A. Luxembourg
Dillon, Read Overseas Corporation	Deutsche Kommunalbank - Girozentrale	Banque Paribas S.A. Luxembourg
Dresdel Burnham Lambert Incorporated	Domination Securities Ames Limited	Banque Paribas S.A. Luxembourg
Eurobank S.p.A.	Effectenbank-Warburg Aktiengesellschaft	Banque Paribas S.A. Luxembourg
Genossenschaftliche Zentralbank AG, Vienna	European Banking Company Limited	Banque Paribas S.A. Luxembourg
Hambros Bank Limited	Georg Hauck & Sohn Bankiers Kommanditgesellschaft cur. GdH	Banque Paribas S.A. Luxembourg
HIO Samuel & Co. Limited	E.F. Hutton International Inc.	Banque Paribas S.A. Luxembourg
Istituto Bancario San Paolo di Torino	Kidder, Peabody International Limited	Banque Paribas S.A. Luxembourg
Kreditbank N.V.	Landesbank Rheinland-Pfalz - Girozentrale	Banque Paribas S.A. Luxembourg
Lloyds Bank International Limited	LTCB International Limited	Banque Paribas S.A. Luxembourg
McLeod Young Weir International Limited	Merck, Finck & Co.	Banque Paribas S.A. Luxembourg
Mitsubishi Bank (Europe) S.A.	Samuel Montagu & Co. Limited	Banque Paribas S.A. Luxembourg
The Nikko Securities Co., (Europe) Ltd.	Nomura International Limited	Banque Paribas S.A. Luxembourg
Sal. Oppenheim jr. & Cie. Prudential-Bache Securities	Pierson, Holding & Pierson N.V.	Banque Paribas S.A. Luxembourg
J. Henry Schroder Wagg & Co. Limited	Rabobank Nederland	Banque Paribas S.A. Luxembourg
Société Séguraise de Banque	Smith Barney, Harris Upham & Co. Incorporated	Banque Paribas S.A. Luxembourg
Verband Schweizerischer Kantonalbanken	Svenska Handelsbanken S.A.	Banque Paribas S.A. Luxembourg
Westdeutsche Landesbank Girozentrale	Weyfaltenbank Aktiengesellschaft	Banque Paribas S.A. Luxembourg
	Yamaichi International (Europe) Limited	Banque Paribas S.A. Luxembourg

SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday September 9 1983

NEW YORK STOCK EXCHANGE 24-25
AMERICAN STOCK EXCHANGE 25
WORLD STOCK MARKETS 26
LONDON STOCK EXCHANGE 27-29
UNIT TRUSTS 30-31
COMMODITIES 32
CURRENCIES 33
INTERNATIONAL CAPITAL MARKETS 34

WALL STREET

Oscillating
Dow teases
high hopes

THE UPWARD momentum which brought Wall Street stocks this week to within a few points of their peak levels gave yesterday morning a spell of profit-taking which, while short-lived, was for the most part modest in the extent of price falls it inflicted, writes Gordon Cramb in New York.

It came in tandem with a dwindling of mail demand in the credit markets after the solid gains established there on Wednesday had, according to brokers, breached previous resistance levels in both cash and futures trading.

The stock market saw an unusually large number of block trades crossing in leading and second-line issues, suggesting vigorous two-way activity with institutional involvement both on the buying and selling side.

The Dow Jones Industrial average, more than six points down during the morning, recovered to its overnight level by mid-afternoon and went on daily briefly above its record closing high of 1,248.30 set in June. The blue chips then backtracked once more, leaving the Dow a net 2.03 up on the day at 1,246.14.

But the ambivalence of the market was reflected in weaker showings by the

broader indices and a tailing off in trading pace towards the end of the day. Volume totalled some 79.5m shares, with 802 quotations advancing and 873 on the decline.

Banks were affected by worries over their Brazilian exposure, which may result in them being forced to report a large rise in non-performing loans.

Chemical Bank fell \$1 to \$46.4, Bankers Trust \$1 1/2 to \$43 1/2 and Manufacturers Hanover \$ 1/2 to \$41 1/2.

Reports of trading difficulties in Latin America upset a stock in a very different area of the market-Coca-Cola, which acknowledged that high inflation and reduced purchasing power in those nations meant the soft drink giant was revising downward its earnings projections for the year.

Although the company stressed its business was otherwise in "excellent" shape, the stock slid \$3 to \$49 after a delayed opening.

Also in the food and drink sector, Campbell Soup, which the previous day added \$ 1/2 to \$55 1/2 after reporting a strong final quarter, put on another \$ 1/2 yesterday. Heinz was unchanged at \$43 1/2.

In the defence and aerospace field Rockwell suffered from its failure to win the NASA contract to refurbish the U.S. space shuttle between flights. It came down \$1 1/2 to \$28 1/2 while Lockheed, to whom the \$2bn contract was awarded, advanced \$4 1/2 to \$117 1/2.

Transport issues were one of the profit-takers' main targets. Norfolk Southern Railroad lost \$ 1/2 of its \$2 1/2 gain on Wednesday to stand at \$68 1/2 while among the airlines, United shed \$ 1/2 to \$31 1/2, Pan Am managed to add \$ 1/2 to \$7 1/2.

on its announcement of higher world-wide traffic and load factor for August.

The fixed-interest markets, initially retaining almost all of Wednesday's rise, fell away somewhat by early afternoon, particularly at the long end. The bellwether Treasury 12 per cent issue due in 2013 gave up about 2 basis points to 102 1/2, yielding 11.72 per cent.

The normal mid-morning intervention period of the Federal Reserve passed without any action, and Fed Funds crept up once more from an opening 9 1/2 to reach 9 3/4, the level at which the Fed on Wednesday introduced a \$1bn system repurchase agreement. With the banks now over their settlement day needs, the authorities this time held back.

Three and six-month Treasury Bill rates were barely firmer at a respective discount of 8.09 and 8.33 per cent.

In the municipal sector, the eagerly-awaited pricing of \$585m bonds for the Michigan Public Power Authority was announced. Yields range from 8 per cent for issues due 1987 to 10 1/2 per cent for those due 2003. Dealers described the issue, the first by a state power authority since the upset of the Washington Public Power Supply System financing as "very attractive," with pricing for the A-rated bringing no unwelcome surprise.

EUROPE

Bundesbank
confounds
optimists

THE DECISION by the West German Bundesbank to raise the Lombard rate by 1/2 point to 5 1/2 per cent came too late in the day in Frankfurt to have any dramatic effect.

Market opinion that the central bank would not raise the key interest rate in the face of above-target domestic money supply contributed to a cautious mood early in the session, but the weaker dollar and Wall Street's overnight performance injected enough optimism to take shares generally higher at the close.

The Commerzbank index, calculated at mid-session, was up 2.9 at 831.3.

Banks were in the forefront of the rally, and Commerzbank added DM 5.50 to DM 180.50, Deutsche gained DM 1 to DM 309.50 and Dresdner put on DM 4.20 to DM 171.90.

Turnover was low in domestic bonds yesterday and prices closed barely unchanged. The Bundesbank announcement again was too late to affect trading.

All other European bourses suffered from lacklustre performances to close narrowly mixed or lower.

In Paris, news that the recently-floated French state loan had been increased to FF 25bn from FF 15bn led to speculation that some investors may be lured away from the market. The Government's plan to impose a surtax on higher incomes was also a discouraging factor.

The chemicals, engineering and metals sectors scored some gains while weaker stocks included Cit-Alcatel down FF 31 to FF 1,238, L'Oreal off FF 13 to FF 1,788 and Pernod Richard FF 4 lower to FF 714.

Banks, financials and the motor sector were mixed to lower with Schneider down FF 4 to FF 113 and Peugeot off FF 2 to FF 200.

Dutch share prices rose on a broad front in Amsterdam but began to turn down in after-bourse trading when the West German Bundesbank decision was announced.

The Netherlands central bank followed the German lead and increased its Lombard-equivalent rate by 1/2 point to 5 1/2 per cent and its discount rate to 5 per cent from 4 1/2 per cent.

Lacklustre trading kept prices mixed in Brussels, lower in Zurich and sharply lower in Milan, reversing the previous day's bullish trend Swiss banks and insurance stocks lost ground while engineering issues proved mixed.

In Madrid, prices rose marginally in quiet trading and in Stockholm issues weakened for the second consecutive day.

LONDON

Equities fail
to sustain
early tone

LONDON found it difficult yesterday to sustain its firm early tone, despite more confident reports of lessening upward pressures on international interest rates and inflation. Government securities, however, enjoyed an initial flurry of continued support.

The continuing belief that the government sale of British Petroleum shares was imminent and the start of the two-day Jewish holiday combined to subdue business.

Leading industrials tended finally to present small mixed movements on the day, but the FT Industrial Ordinary Share index eventually ended 1.2 up at 713.6. Details, Page 27: Share Information Service, 28-29.

TOKYO

Investors
rethink
rapid rises

GROWING concern about the resurgence of trade friction combined with caution on recent rapid rises to drive share prices sharply lower in Tokyo yesterday, while bond prices were mixed, reflecting the steady U.S. market, writes Shigeo Nishitani of Jiji Press.

The Nikkei-Dow average surged just over 40 points to 9,395.78 in the morning, but concern about fast rises earlier this week triggered heavy profit-taking to send the key index down 23.19 to 9,332.47 at the close. Volume shrank to 479.82m shares from Wednesday's 502.82m shares. Losses outnumbered advances 354 to 308, with 188 issues unchanged.

Opening rises were encouraged by Wall Street. Interest centred on speculative and incentive-backed stocks to earn short-term profits and tended to spread to blue chip stocks, which had been out of favour. But blue chips eased amid growing apprehension about recent rapid advances and restrictions on margin trading.

Sony rose ¥200 to ¥3,900 in the morning, but closed at ¥3,670, up ¥70. Hitachi lost ¥9 to ¥779, Matsushita Electric Industrial ¥40 to ¥1,680 and TDK ¥90 to ¥5,410. On the plus side, Toagosei Chemical added ¥45 to ¥318 on expectations of improvement in business results. Mitsubishi Heavy Industries climbed ¥9 to ¥237 on volume of 26.36m shares, the largest in the day and Penta-Ocean Construction ¥20 to ¥365 on volume of 23.37m shares, the second largest.

Towards the close, interest shifted again to speculative and incentive-backed issues, with Aoki Construction advancing ¥42 to ¥1,028 and Kaisei Electric Railway ¥28 to ¥348. Conversely, Citizen Watch, which had attracted considerable attention, shed ¥42 to ¥812 and Rhythm Watch ¥35 to ¥562.

On the bond market, some institutional investors, who had shied away from the market, started buying, encouraged by the firmer than expected trend.

The size of buying orders for barometer government bonds by trust banks

during the morning pushed down the yield on 7.5 per cent government bonds, with 8 1/2 years remaining, to 7.98 per cent from Wednesday's 8 per cent, while 7.7 per cent government bonds, with a little more than six years remaining, traded to yield 7.63 per cent, down from 7.66 per cent.

But most market participants doubt whether the bond market will follow an uninterrupted upward curve, because financial institutions appear poised to sell their holdings in large blocks if yield moves down further.

FLUCTUATIONS in the value of the Hong Kong dollar and a surprise increase in local interest rates to defend the currency left prices lower, but up from the day's lows.

After staging a recovery on Wednesday, the Hang Seng index began to drop sharply early in the day and after a slight rebound, still finished 18.12 lower at 922.75.

Among the Hong Kongs, Swire Pacific "A" shares fell 40 cents to HK\$13.80, Jardines lost 20 cents to HK\$12.30 and Hutchison fell 20 cents to HK\$12.50.

SINGAPORE

BANKS were generally firmer in Singapore yesterday, but most prices closed mixed after a higher opening. Profit-taking and some late selling took the Straits Times industrial index 2.07 lower to 972.04.

Among industrials, Straits Trading rose 25 cents to S\$5.75. Genting was unchanged at S\$4.72 and Sime Darby fell 2 cents to S\$2.39.

Faber Marlin was the most active stock and closed 1 cent lower at S\$2.89 with 631,000 shares traded.

SOUTH AFRICA

BULLION price stability enabled gold shares to close firmer in quiet Johannesburg trading yesterday.

Heavyweights generally added up to 50 cents, although Buffels gained R1.25 to R74, and lightweights put on between 5 and 10 cents.

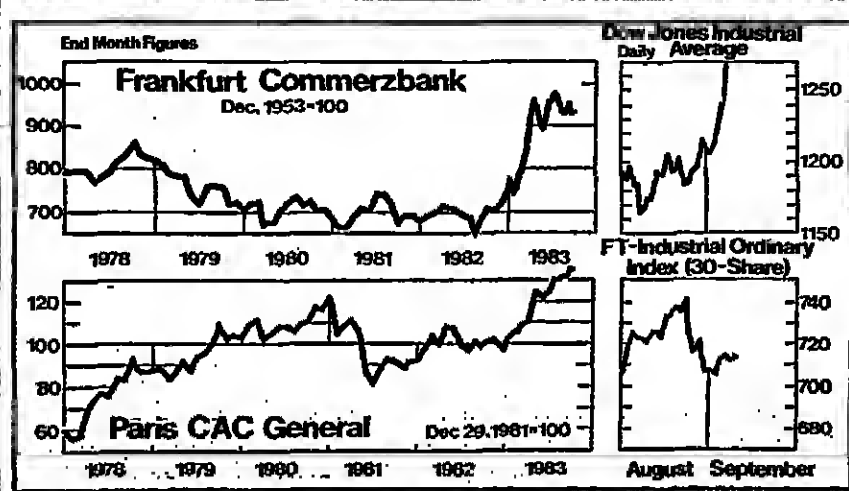
In mixed financials, Gencor was 25 cents stronger at R31.25. Elsewhere, De Beers shed 5 cents to R10.80 and Lydenburg Platinum rose 10 cents to R10.60. Industrials were firm.

CANADA

FEATURELESS trading in Toronto allowed most stocks to edge forward by midsession yesterday, with advancing shares leading declines by 246 to 198.

Gains were also registered in early Montreal trade, while Vancouver staged a similar, if not as strong advance.

KEY MARKET MONITORS



STOCK MARKET INDICES			
	Sept 8	Previous	Year ago
NEW YORK			
DJ Industrials	1246.14	1244.11	915.75
DJ Transport	570.36	572.47	369.6
DJ Utilities	131.12	130.97	116.23
S&P Composite	167.77	167.96	122.2

LONDON			
	Sept 8	Previous	Year ago
FT Ind Ord	713.6	712.4	580.5
FT-A All-share	454.25	453.38	361.81
FT-A 500	492.02	490.80	400.27
FT-A Ind	441.59	441.04	368.35
FT Gold mines	688.6	684.5	355.2
FT Govt secs	79.97	79.93	78.65

TOKYO			
	Sept 8	Previous	Year ago
Nikkei-Dow	9332.47	9355.66	7189.42
Tokyo SE	686.32	688.53	538.27

AUSTRALIA			
	Sept 8	Previous	Year ago
All Ord	726.9	725.1	492.6
Metals & Mins	725.1	607.3	407.9

AUSTRIA			
	Sept 8	Previous	Year ago
Credit Aktien	55.19	55.26	48.72

BELGIUM			
	Sept 8	Previous	Year ago
Belgian SE	133.71	133.14	100.04

CANADA			
	Sept 8	Previous	Year ago
Toronto Composite	2578.2	2562.7	1621.8
Montreal Industrials	460.86	459.94	296.99
Combined	431.89	430.94	281.41

DENMARK			
	Sept 8	Previous	Year ago
Copenhagen SE	199.96	199.96	85.51

FRANCE			
	Sept 8	Previous	Year ago
CAC Gen	134.9	135.2	98.5
Ind. Tendence	143.4	143.7	112.9

WEST GERMANY			
	Sept 8	Previous	Year ago
FAZ-Aktien	313.53	312.94	222.48
Commerzbank	931.3	928.4	674.8

HONG KONG			
	Sept 8	Previous	Year ago
Hang Seng	922.75	938.87	1077.94

ITALY			
	Sept 8	Previous	Year ago
Banco Comm.	198.18	200.57	167.08

NETHERLANDS			
	Sept 8	Previous	Year ago
ANP-CBS Gen	140.0	139.4	88.9
ANP-CBS Ind	112.5	111.8	68.3

NORWAY			
	Sept 8	Previous	Year ago
Oslo SE	209.94	210.98	104.7

SINGAPORE			
	Sept 8	Previous	Year ago
Straits Times	972.04	976.42	680.64

SOUTH AFRICA			
	Sept 8	Previous	Year ago
Gold	964.4	960.5	581.5
Industrials	946.0	942.9	815.9

SPAIN			
	Sept 8	Previous	Year ago
Madrid SE	114.29	113.57	104.72

SWEDEN			
	Sept 8	Previous	Year ago
J & P	1515.41	1522.86	631.87

SWITZERLAND			
	Sept 8	Previous	Year ago
Swiss Bank Ind	337.3	340.7	251.1

WORLD			
	Sept 7	Prev	Yr ago
Capital Int'l	190.6	190.5	136.0

GOLD (per ounce)			
	Sept 8	Prev	Yr ago
London	\$414.375	\$413.625	
Frankfurt	\$414.00	\$413.25	
Zurich	\$414.50	\$413.50	
Paris (fixing)	\$417.30	\$413.86	
New York (Sept)	\$414.90	\$414.50	

COMMODITIES			
	Sept 8	Prev	Yr ago
(London)			
Silver (spot fixing)	\$15.80p	\$15.10p	
Copper (cash)	£1072.75	£1067.00	
Coffee (Sept)	£1704.50	£1703.50	
Oil (spot Arabian light)	\$28.65	\$28.67	

FINANCIAL FUTURES			
	Sept 8	Prev	Yr ago
CHICAGO			
U.S. Treasury Bonds (CBT)			
6 1/2% 28nds of 100%	71-07	71-23	71-05
U.S. Treasury Bills (MM)			
\$1m points of 100%			
December	90.44	90.55	90.49
Sept Deposit (MM)			
\$1m points of 100%			
September	90.35	90.44	90.35
LONDON			
Three-month Eurodollar			
\$1m points of 100%			
September	90.20	90.18	90.13
20-year National Gilt			
£50,000 32nds of 100%			
September	102-11	102-30	102-19

COMMODITIES			
	Sept 8	Prev	Yr ago
(London)			
Silver (spot fixing)	\$15.80p	\$15.10p	
Copper (cash)	£1072.75	£1067.00	
Coffee (Sept)	£1704.50	£1703.50	
Oil (spot Arabian light)	\$28.65	\$28.67	

COMMODITIES			
	Sept 8	Prev	Yr ago
(London)			
Silver (spot fixing)	\$15.80p	\$15.10p	
Copper (cash)	£1072.75	£1067.00	
Coffee (Sept)	£1704.50	£1703.50	
Oil (spot Arabian light)	\$28.65	\$28.67	

COMMODITIES			
	Sept 8	Prev	Yr ago
(London)			
Silver (spot fixing)	\$15.80p	\$15.10p	
Copper (cash)	£1072.75	£1067.00	
Coffee (Sept)	£1704.50	£1703.50	
Oil (spot Arabian light)	\$28.65	\$28.67	

COMMODITIES			
	Sept 8	Prev	Yr ago
(London)			
Silver (spot fixing)	\$15.80p	\$15.10p	
Copper (cash)	£1072.75	£1067.00	
Coffee (Sept)	£1704.50	£1703.50	
Oil (spot Arabian light)	\$28.65	\$28.67	

We are very pleased
to announce
the opening of
our New York Branch

البنك التجاري
THE NATIONAL COMMERCIAL BANK

(SAUDI ARABIA)

245 PARK AVENUE · NEW YORK, NY 10167 · (212) 916-9000 · TELEX: 422037 NCB NY

© Financial Times Friday September 9 1983

© Financial Times Friday September 9 1983



KAERT S.A. - Société

on to 315,104 m

scription price: 2.4
om 12 September

following institution

visions as provided by

Continued on Page 25

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 26

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

[illegible]

Continued on Page 26

If all figures are unofficial. Yearly highs and lows reflect the price as of 52 weeks plus the current week, but not the latest trading day. While a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

d=dividend also e=extra f=annual rate of dividend paid
 stock dividend g=issuing dividend h=dividend payment
 low e=dividend declared or paid in preceding 12 months g=dividend
 in Canadian funds subject to 15% non-residence tax i=dividend
 paid this year, omitted dividend or no action taken in related dividend
 missing j=dividend declared on paid this year, an account
 stock dividend k=dividend paid l=dividend paid in preceding
 past 52 weeks The high-low range begins with the start of the
 dividend high delivery P=E-price-earnings ratio r=dividend
 yield s=stock split t=dividend paid u=dividend paid in preceding
 s=stock split Dividends begin with date of split stock
 dividend in stock in preceding 12 months v=estimated cash
 dividend w=dividend yield x=dividend yield y=dividend yield
 -trading, Ltd. Ltd. on bankruptcy or reorganization z=highly
 ranked under the Bankruptcy Act or securities assumed by
 receiver aa=dividend or interest on securities assumed by
 with war risks ab=dividend or interest on securities assumed by
 co-warranted ac=dividend and sales in full yield

LONDON STOCK EXCHANGE

MARKET REPORT

RECENT ISSUES

BP and holiday influences combine to subdue markets

Gilt-edged lose early sparkle

Account Dealing Dates

*First Dealing - Last Account
Dealings Tons Dealings Day
Aug 15 Sept 1 Sept 2 Sept 12
Sept 5 Sept 15 Sept 15 Sept 26
Sept 19 Sept 29 Sept 30 Oct 10

New-time dealing may take place from 8.30 am to 2.30 pm on business days.

The two main investment areas of London stock markets found it difficult yesterday to sustain their early tone, despite monetary reports of lessening upward pressure on interest rates and rates of inflation.

Taking up the market's good showing on Wednesday, Government securities enjoyed an initial flurry of continued support, both from domestic and overseas sources, which helped to exhaust official supplies of the remaining conventional top stock, Treasury 9½ per cent 1988 A, at 83½.

Reaching the freedom from official top—the Government broker still holds some of the recently-issued £300m tranche of Treasury 12 per cent 1988—the market advanced further. Longer-dated issues spearheaded the movement and were soon showing fresh gains ranging to 3½. At the same time, however, profit-taking began to replace demand and quotations slipped back to close only fractionally dearer on balance.

Some of the gains achieved in 1985 to 1989 area actually settled a shade off, reflecting the possibility of new Government funding around these dates.

The shorts achieved small improvements with the accent on Convertible stocks, while index-linked Gilt-edged advanced. Wednesday's reaction on news that the Government had approved three longer-dated issues had been issued to the authorities. The increase in the West Gilt-edged market made little impression on market sentiment.

The continuing belief that the Government sale of British Petroleum shares was imminent, and the start of the two-day Jewish holiday combined to subdue business in equity markets. The level of trading was described as despatchly thin with the few features usually resulting from trading announcements or news items. The Life Insurance sector was unsettled by Prudential's interim results, but Oils moved higher following British Petroleum's unexpected offer to sell a 12½ per cent stake in its Forties field.

Stores were featured by outstanding strength in Burton: the group has long been interested in purchasing the John Collier & Co. division of Hanson Trust which the last

named has now offered to sell their respective managements. Leading industrialist tended finally to present small mixed movements on the day, but the FT Industrial Ordinary share index, a shade better throughout the session, was finally 1.2 up at 713.6.

Prudential disappointment

The appearance of a sizable seller prior to the announcement of interim profits at the lower end of the estimated range formed no basis for stability in Prudential which closed 22 down at 46½. Other Life Insurances weakened in sympathy, Hambro Life losing 16 to 39½, Legal and General 10 to 48½ and Refuge shed 10 to 40½, but Pearl were virtually unscathed, closing just 4 cheaper at 730½. Lloyd's broker Sedgwick produced good results, but sentiment in the whole insurance sector was clouded by the Prudential figures.

Yesterday saw the return to the market of Associated Tooling, now renamed Associated Telecommunications, following the acquisition of a number of companies previously owned by Mr Ron Stubb, the shares opened at 155½ and touched 160 before closing at 145½ compared with the suspension price of 110½.

The continuing absence of institutional support led to another subdued session among leading Breweries, Scottish and Newcastle provided a noteworthy exception and advanced 3½ in a brisk trade to 89½ reflecting a broker's bullish circular and revived takeover speculation. Elsewhere, Matthews Clark continued 34½ before settling for a net gain of 6 at 34½ following the increased full-year profits and dividend and confident statement on the outlook. M. P. Balmer harked back to 25½ following the encouraging tenor of the chairman's statement at the annual meeting. Merrydown, a 15½ advance on the day, rose 15 to 35½ in sympathy.

Leading Buildings lacked impetus despite reports of a more favourable outlook for the business sector. The sector's left most quotations unaltered, but AMEC advanced nervously ahead of next Wednesday's interim results and Centenary Industries sold 10 to 35½ on the day, while Cement Roadstone left the shares 2½ cheaper at 51½. One or two pockets of interest developed among secondary issues, after Wednesday's gain of 5, Edward Jones firmed 3 to 25½ on unconfirmed rumours that the £5 million bid for the company's 23.7 per cent stake outside the market to an unnamed party; Centenary put on 6 to 52½. John Finlay firmed 6 for two days, Centenary put on 6 for two days, the company was soon to announce contracts worth around £7.5m.

Dealers described business in

FINANCIAL TIMES STOCK INDICES

	Sept. 8	Sept. 7	Sept. 6	Sept. 5	Sept. 4	Sept. 3	Year
Government Secs.	78.87	79.93	76.71	79.53	79.45	76.51	78.85
Fixed Interest	82.39	82.32	82.34	82.16	82.27	82.18	79.06
Industrial Ord.	713.6	712.4	714.5	715.2	705.8	708.8	800.6
Gold Mines	685.5	684.5	685.6	685.3	679.2	672.5	555.2
Ord. Div. Yield	4.76	4.76	4.76	4.74	4.70	4.71	4.97
Earnings, Vici. Yield	0.51	0.55	0.56	0.56	0.56	0.58	10.88
P/E Ratio (incl. 1/2)	15.11	15.08	15.04	15.02	14.89	15.29	11.18
Total Balance	16,730	16,820	17,815	20,003	20,646	20,546	20,380
Equity turnover £m.	—	—	—	—	—	—	165.19
Equity bargains	—	—	—	—	—	—	15,536
Share turnover (mil.)	—	—	—	—	—	—	231.5

10 m 714.8 1 m 714.2 Noon 713.7 1 m 713.4
Basis 100 Govt Secs 16/10/78, Fixed Inc. 1928, Industrial 1/7/75.
Gold Mines 12/10/78, SE Activity 1974.
Latest Index 01-248 8028.
NI = 12.36.

HIGHS AND LOWS

	1983		Since Compilati'n		Sept. 7	Sept. 6
	High	Low	High	Low		
Govt. Secs.	83.50 (18.6)	77.00 (23.0)	137.4 (20.16)	40.18 (50.75)	Daily Bargains	147.0 150.3
Fixed Int'n.	96.74 (13.6)	79.05 (1.0)	150.4 (22.83)	81.52 (39.4)	Bargains	100.7 612.9
Intd. Ord.	740.4 (22.8)	509.74 (1.0)	740.4 (22.83)	396.4 (39.4)	Gedy Barg	
Gold Mines	785.7 (15.2)	531.5 (23.8)	785.7 (25.03)	45.5 (39.4)	Equities with Exch Value	135.0 111.8 136.0

INDUSTRIALS—Continued

1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	587	586	585	584	583	582
------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	------	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

D-mark steady on Lombard rate rise

The D-mark showed little change after a half-point rise in the West German Lombard rate at 5 per cent. The move was seen as an attempt by the authorities to restrict growth in German money supply.

The dollar was a little weaker ahead of today's money supply figures while sterling once again remained on the sidelines.

DOLLAR - Trade weighted index (Bank of England) 129.4 against 129.0 six months ago. The dollar has recently been at record levels on fears of higher U.S. interest rates as a result of the U.S. budget deficit and money supply growth.

The dollar was weaker overall, slipping to DM 2.6775 from DM 2.6870 and SwFr 2.1730 from SwFr 2.1825. It fell against the French franc from FF 164.70 to FF 163.875 from FF 163.850.

STERLING - Trading range against the dollar in 1983 is 1.8245 to 1.8440. August average 1.827. Trade weighted index 84.8 against 84.7 at noon and 84.7 at the opening and compared with 84.6 on Wednesday and 78.6 six months ago. The pound has been

EMS EUROPEAN CURRENCY UNIT RATES

ECU	Central rate	Current rate	% change	% change	% change
			from central	from central	from central
			rate	rate	rate
Belgian franc	40.3398	40.3398	+1.91	+1.23	+1.547
Dutch guilder	36.3636	36.3636	+1.91	+1.23	+1.547
French franc	6.5596	6.5596	+1.91	+1.23	+1.547
German mark	1.9363	1.9363	+1.91	+1.23	+1.547
Italian lira	1.9363	1.9363	+1.91	+1.23	+1.547
Spanish peseta	166.637	166.637	+1.91	+1.23	+1.547
Portuguese escudo	200.482	200.482	+1.91	+1.23	+1.547
Irish punt	7.8756	7.8756	+1.91	+1.23	+1.547
Swedish krona	13.7603	13.7603	+1.91	+1.23	+1.547
Swiss franc	2.0	2.0	+1.91	+1.23	+1.547

Changes are in ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

FINANCIAL FUTURES

Gilts easier

Gilt prices lost ground in the London International Financial Futures Exchange yesterday. The market was seen as improving quite strongly with the December price gaining from an opening level of 105-14 to a high of 105-23 at the close. However, late selling saw the price fall to 104-23 at the close. Demand seemed to fall away as supplies at Treasury 94 per cent 1985 "A" stock became exhausted and the market subsequently turned. Sentiment was also influenced from its former start by a lack of improvement in U.S. instruments in Chicago.

Euro-dollar prices were firmer but finished below the day's highs. Early trading saw prices gain ground in reaction to a firm finish in Chicago on Wednesday. The fallowed a surprise injection of funds into

CURRENCY MOVEMENTS

Sept. 8	Sept. 9	Bank of England	Morgan Guaranty
Starling	84.8	84.8	84.8
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4
U.S. dollar	129.4	129.4	129.4

Sept. 8

OTHER CURRENCIES

Sept. 8	Sept. 9	Sept. 8	Sept. 9
Argentina peso	117.01-117.07	Australia dollar	1.4005-1.4010
Australia dollar	1.4005-1.4010	Canada dollar	1.0000-1.0000
Canada dollar	1.0000-1.0000	Denmark krone	13.66-13.67
Denmark krone	13.66-13.67	Finland markka	5.9400-5.9400
Finland markka	5.9400-5.9400	France franc	6.5596-6.5596
France franc	6.5596-6.5596	Germany mark	1.9363-1.9363
Germany mark	1.9363-1.9363	Greece drachma	340-340
Greece drachma	340-340	India rupee	15.67-15.67
India rupee	15.67-15.67	Indonesia rupiah	1,600-1,600
Indonesia rupiah	1,600-1,600	Israel sheqel	1.80-1.80
Israel sheqel	1.80-1.80	Japan yen	163.60-163.60
Japan yen	163.60-163.60	Netherlands guilder	36.3636-36.3636
Netherlands guilder	36.3636-36.3636	New Zealand dollar	1.67-1.67
New Zealand dollar	1.67-1.67	Norway krone	13.76-13.76
Norway krone	13.76-13.76	Portugal escudo	200.482-200.482
Portugal escudo	200.482-200.482	South Africa rand	1.50-1.50
South Africa rand	1.50-1.50	Sweden krona	13.76-13.76
Sweden krona	13.76-13.76	Switzerland franc	2.00-2.00
Switzerland franc	2.00-2.00	U.S. dollar	129.4-129.4
U.S. dollar	129.4-129.4	U.K. pound	84.8-84.8
U.K. pound	84.8-84.8	Yugoslavia dinar	13.76-13.76
Yugoslavia dinar	13.76-13.76		

Sept. 8

CURRENCY RATES

Sept. 8	Sept. 9	Sept. 8	Sept. 9
Starling	84.8	Starling	84.8
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4

Sept. 8

THE POUND SPOT AND FORWARD

Sept. 8	Sept. 9	Sept. 8	Sept. 9
Starling	84.8	Starling	84.8
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4

Sept. 8

THE DOLLAR SPOT AND FORWARD

Sept. 8	Sept. 9	Sept. 8	Sept. 9
Starling	84.8	Starling	84.8
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4

Sept. 8

EXCHANGE CROSS RATES

Sept. 8	Sept. 9	Sept. 8	Sept. 9
Starling	84.8	Starling	84.8
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4
U.S. dollar	129.4	U.S. dollar	129.4

Sept. 8

UK rates show little change

UK clearing bank base lending rate 9 per cent (since June 14).

UK interest rates showed little change yesterday. The market appeared to be fairly relaxed, despite a large shortage of funds in the morning, ahead of today's U.S. money supply figures. The Bank of England is expected to raise its base rate to 9.5 per cent, ahead of today's U.S. money supply figures.

The Bank of England forecast a shortage of around £500m, with factors affecting the market being the maturing of Treasury bills - £200m and Exchequer transactions - £100m. In addition, banks brought forward balances £100m below target. The Bank gave assistance in the morning by purchasing £400m of eligible bank bills, £200m in hand 1 (up to 14 days) at 9 per cent, £200m in hand 2 (15-30 days) at 9 per cent, £200m in hand 3 (31-60 days) at 9 per cent, £200m in hand 4 (61-90 days) at 9 per cent, £200m in hand 5 (91-120 days) at 9 per cent, £200m in hand 6 (121-150 days) at 9 per cent, £200m in hand 7 (151-180 days) at 9 per cent, £200m in hand 8 (181-210 days) at 9 per cent, £200m in hand 9 (211-240 days) at 9 per cent, £200m in hand 10 (241-270 days) at 9 per cent, £200m in hand 11 (271-300 days) at 9 per cent, £200m in hand 12 (301-330 days) at 9 per cent, £200m in hand 13 (331-360 days) at 9 per cent, £200m in hand 14 (361-390 days) at 9 per cent, £200m in hand 15 (391-420 days) at 9 per cent, £200m in hand 16 (421-450 days) at 9 per cent, £200m in hand 17 (451-480 days) at 9 per cent, £200m in hand 18 (481-510 days) at 9 per cent, £200m in hand 19 (511-540 days) at 9 per cent, £200m in hand 20 (541-570 days) at 9 per cent, £200m in hand 21 (571-600 days) at 9 per cent, £200m in hand 22 (601-630 days) at 9 per cent, £200m in hand 23 (631-660 days) at 9 per cent, £200m in hand 24 (661-690 days) at 9 per cent, £200m in hand 25 (691-720 days) at 9 per cent, £200m in hand 26 (721-750 days) at 9 per cent, £200m in hand 27 (751-780 days) at 9 per cent, £200m in hand 28 (781-810 days) at 9 per cent, £200m in hand 29 (811-840 days) at 9 per cent, £200m in hand 30 (841-870 days) at 9 per cent, £200m in hand 31 (871-900 days) at 9 per cent, £200m in hand 32 (901-930 days) at 9 per cent, £200m in hand 33 (931-960 days) at 9 per cent, £200m in hand 34 (961-990 days) at 9 per cent, £200m in hand 35 (991-1020 days) at 9 per cent, £200m in hand 36 (1021-1050 days) at 9 per cent, £200m in hand 37 (1051-1080 days) at 9 per cent, £200m in hand 38 (1081-1110 days) at 9 per cent, £200m in hand 39 (1111-1140 days) at 9 per cent, £200m in hand 40 (1141-1170 days) at 9 per cent, £200m in hand 41 (1171-1200 days) at 9 per cent, £200m in hand 42 (1201-1230 days) at 9 per cent, £200m in hand 43 (1231-1260 days) at 9 per cent, £200m in hand 44 (1261-1290 days) at 9 per cent, £200m in hand 45 (1291-1320 days) at 9 per cent, £200m in hand 46 (1321-1350 days) at 9 per cent, £200m in hand 47 (1351-1380 days) at 9 per cent, £200m in hand 48 (1381-1410 days) at 9 per cent, £200m in hand 49 (1411-1440 days) at 9 per cent, £200m in hand 50 (1441-1470 days) at 9 per cent, £200m in hand 51 (1471-1500 days) at 9 per cent, £200m in hand 52 (1501-1530 days) at 9 per cent, £200m in hand 53 (1531-1560 days) at 9 per cent, £200m in hand 54 (1561-1590 days) at 9 per cent, £200m in hand 55 (1591-1620 days) at 9 per cent, £200m in hand 56 (1621-1650 days) at 9 per cent, £200m in hand 57 (1651-1680 days) at 9 per cent, £200m in hand 58 (1681-1710 days) at 9 per cent, £200m in hand 59 (1711-1740 days) at 9 per cent, £200m in hand 60 (1741-1770 days) at 9 per cent, £200m in hand 61 (1771-1800 days) at 9 per cent, £200m in hand 62 (1801-1830 days) at 9 per cent, £200m in hand 63 (1831-1860 days) at 9 per cent, £200m in hand 64 (1861-1890 days) at 9 per cent, £200m in hand 65 (1891-1920 days) at 9 per cent, £200m in hand 66 (1921-1950 days) at 9 per cent, £200m in hand 67 (1951-1980 days) at 9 per cent, £200m in hand 68 (1981-2010 days) at 9 per cent, £200m in hand 69 (2011-2040 days) at 9 per cent, £200m in hand 70 (2041-2070 days) at 9 per cent, £200m in hand 71 (2071-2100 days) at 9 per cent, £200m in hand 72 (2101-2130 days) at 9 per cent, £200m in hand 73 (2131-2160 days) at 9 per cent, £200m in hand 74 (2161-2190 days) at 9 per cent, £200m in hand 75 (2191-2220 days) at 9 per cent, £200m in hand 76 (2221-2250 days) at 9 per cent, £200m in hand 77 (2251-2280 days) at 9 per cent, £200m in hand 78 (2281-2310 days) at 9 per cent, £200m in hand 79 (2311-2340 days) at 9 per cent, £200m in hand 80 (2341-2370 days) at 9 per cent, £200m in hand 81 (2371-2400 days) at 9 per cent, £200m in hand 82 (2401-2430 days) at 9 per cent, £200m in hand 83 (2431-2460 days) at 9 per cent, £200m in hand 84 (2461-2490 days) at 9 per cent, £200m in hand 85 (2491-2520 days) at 9 per cent, £200m in hand 86 (2521-2550 days) at 9 per cent, £200m in hand 87 (2551-2580 days) at 9 per cent, £200m in hand 88 (2581-2610 days) at 9 per cent, £200m in hand 89 (2611-2640 days) at 9 per cent, £200m in hand 90 (2641-2670 days) at 9 per cent, £200m in hand 91 (2671-2700 days) at 9 per cent, £200m in hand 92 (2701-2730 days) at 9 per cent, £200m in hand 93 (2731-2760 days) at 9 per cent, £200m in hand 94 (2761-2790 days) at 9 per cent, £200m in hand 95 (2791-2820 days) at 9 per cent, £200m in hand 96 (2821-2850 days) at 9 per cent, £200m in hand 97 (2851-2880 days) at 9 per cent, £200m in hand 98 (2881-2910 days) at 9 per cent, £200m in hand 99 (2911-2940 days) at 9 per cent, £200m in hand 100 (2941-2970 days) at 9 per cent, £200m in hand 101 (2971-3000 days) at 9 per cent, £200m in hand 102 (3001-3030 days) at 9 per cent, £200m in hand 103 (3031-3060 days) at 9 per cent, £200m in hand 104 (3061-3090 days) at 9 per cent, £200m in hand 105 (3091-3120 days) at 9 per cent, £200m in hand 106 (3121-3150 days) at 9 per cent, £200m in hand 107 (3151-3180 days) at 9 per cent, £200m in hand 108 (3181-3210 days) at 9 per cent, £200m in hand 109 (3211-3240 days) at 9 per cent, £200m in hand 110 (3241-3270 days) at 9 per cent, £200m in hand 111 (3271-3300 days) at 9 per cent, £200m in hand 112 (3301-3330 days) at 9 per cent, £200m in hand 113 (3331-3360 days) at 9 per cent, £200m in hand 114 (3361-3390 days) at 9 per cent, £200m in hand 115 (3391-3420 days) at 9 per cent, £200m in hand 116 (3421-3450 days) at 9 per cent, £200m in hand 117 (3451-3480 days) at 9 per cent, £200m in hand 118 (3481-3510 days) at 9 per cent, £200m in hand 119 (3511-3540 days) at 9 per cent, £200m in hand 120 (3541-3570 days) at 9 per cent, £200m in hand 121 (3571-3600 days) at 9 per cent, £200m in hand 122 (3601-3630 days) at 9 per cent, £200m in hand 123 (3631-3660 days) at 9 per cent, £200m in hand 124 (3661-3690 days) at 9 per cent, £200m in hand 125 (3691-3720 days) at 9 per cent, £200m in hand 126 (3721-3750 days) at 9 per cent, £200m in hand 127 (3751-3780 days) at 9 per cent, £200m in hand 128 (3781-3810 days) at 9 per cent, £200m in hand 129 (3811-3840 days) at 9 per cent, £200m in hand 130 (3841-3870 days) at 9 per cent, £200m in hand 131 (3871-3900 days) at 9 per cent, £200m in hand 132 (3901-3930 days) at 9 per cent, £200m in hand 133 (3931-3960 days) at 9 per cent, £200m in hand 134 (3961-3990 days) at 9 per cent, £200m in hand 135 (3991-4020 days) at 9 per cent, £200m in hand 136 (4021-4050 days) at 9 per cent, £200m in hand 137 (4051-4080 days) at 9 per cent, £200m in hand 138 (4081-4110 days) at 9 per cent, £200m in hand 139 (4111-4140 days) at 9 per cent, £200m in hand 140 (4141-4170 days) at 9 per cent, £200m in hand 141 (4171-4200 days) at 9 per cent, £200m in hand 142 (4201-4230 days) at 9 per cent, £200m in hand 143 (4231-4260 days) at 9 per cent, £200m in hand 144 (4261-4290 days) at 9 per cent, £200m in hand 145 (4291-4320 days) at 9 per cent, £200m in hand 146 (4321-4350 days) at 9 per cent, £200m in hand 147 (4351-4380 days) at 9 per cent, £200m in hand 148 (4381-4410 days) at 9 per cent, £200m in hand 149 (4411-4440 days) at 9 per cent, £200m in hand 150 (4441-4470 days) at 9 per cent, £200m in hand 151 (4471-4500 days) at 9 per cent, £200m in hand 152 (4501-4530 days) at 9 per cent, £200m in hand 153 (4531-4560 days) at 9 per cent, £200m in hand 154 (4561-4590 days) at 9 per cent, £200m in hand 155 (4591-4620 days) at 9 per cent, £200m in hand 156 (4621-4650 days) at 9 per cent, £200m in hand 157 (4651-4680 days) at 9 per cent, £200m in hand 158 (4681-4710 days) at 9 per cent, £200m in hand 159 (4711-4740 days) at 9 per cent, £200m in hand 160 (4741-4770 days) at 9 per cent, £200m in hand 161 (4771-4800 days) at 9 per cent, £200m in hand 162 (4801-4830 days) at 9 per cent, £200m in hand 163 (4831-4860 days) at 9 per cent, £200m in hand 164 (4861-4890 days) at 9 per cent, £200m in hand 165 (4891-4920 days) at 9 per cent, £200m in hand 166 (4921-4950 days) at 9 per cent, £200m in hand 167 (4951-4980 days) at 9 per cent, £200m in hand 168 (4981-5010 days) at 9 per cent, £200m in hand 169 (5011-5040 days) at 9 per cent, £200m in hand 170 (5041-5070 days) at 9 per cent, £200m in hand 171 (5071-5100 days) at 9 per cent, £200m in hand 172 (5101-5130 days) at 9 per cent, £200m in hand 173 (5131-5160 days) at 9 per cent, £200m in hand 174 (5161-5190 days) at 9 per cent, £200m in hand 175 (5191-5220 days) at 9 per cent, £200m in hand 176 (5221-5250 days) at 9 per cent, £200m in hand 177 (5251-5280 days) at 9 per cent, £200m in hand 178 (5281-5310 days) at 9 per cent, £200m in hand 179 (5311-5340 days) at 9 per cent, £200m in hand 180 (5341-5370 days) at 9 per cent, £200m in hand 181 (5371-5400 days) at 9 per cent, £200m in hand 182 (5401-5430 days) at 9 per cent, £200m in hand 183 (5431-5460 days) at 9 per cent, £200m in hand 184 (5461-5490 days) at 9 per cent, £200m in hand 185 (5491-5520 days) at 9 per cent, £200m in hand 186 (5521-5550 days) at 9 per cent, £200m in hand 187 (5551-5580 days) at 9 per cent, £200m in hand 188 (5581-5610 days) at 9 per cent, £200m in hand 189 (5611-5640 days) at 9 per cent, £200m in hand 190 (5641-5670 days) at 9 per cent, £200m in hand 191 (5671-5700 days) at 9 per cent, £200m in hand 192 (5701-5730 days) at 9 per cent, £200m in hand 193 (5731-5760 days) at 9 per cent, £200m in hand 194 (5761-5790 days) at 9 per cent, £200m in hand 195 (5791-5820 days) at 9 per cent, £200m in hand 196 (5821-5850 days) at 9 per cent, £200m in hand 197 (5851-5880 days) at 9 per cent, £200m in hand 198 (5881-5910 days) at 9 per cent, £200m in hand 199 (5911-5940 days) at 9 per cent, £200m in hand 200 (5941-5970 days) at 9 per cent, £200m in hand 201 (5971-6000 days) at 9 per cent, £200m in hand 202 (6001-6030 days) at 9 per cent, £200m in hand 203 (6031-6060 days) at 9 per cent, £200m in hand 204 (6061-6090 days) at 9 per cent, £200m in hand 205 (6091-6120 days) at 9 per cent, £200m in hand 206 (6121-6150 days) at 9 per cent, £200m in hand 207 (6151-6180 days) at 9 per cent, £200m in hand 208 (6181-6210 days) at 9 per cent, £200m in hand 209 (6211-6240 days) at 9 per cent, £200m in hand 210 (6241-6270 days) at 9 per cent, £200m in hand 211 (6271-6300 days) at 9 per cent, £200m in hand 212 (6301-6330 days) at 9 per cent, £200m in hand 213 (6331-6360 days) at 9 per cent, £200m in hand 214 (6361-6390 days) at 9 per cent, £200m in hand 215 (6391-6420 days) at 9 per cent, £200m in hand 216 (6421-6450 days) at 9 per cent, £200m in hand 217 (6451-6480 days) at 9 per cent, £200m in hand 218 (6481-6510 days) at 9 per cent, £200m in hand 219 (6511-6540 days) at 9 per cent, £200m in hand 220 (6541-6570 days) at 9 per cent, £200m in hand 221 (6571-6600 days) at 9 per cent, £200m in hand 222 (6601-6630 days) at 9 per cent, £200m in hand 223 (6631-6

FINANCIAL TIMES SURVEY

Friday September 9, 1983

BERMUDA

While the two main business activities of Bermuda are international insurance and tourism, the challenge for the colony in the 1980s is to establish a more mixed economy in a way which will not strain the country's limited resources.

BERMUDA, the oldest self-governing British colony, is facing a period of extensive change within its economy which could have a major impact on growth and development in the next few years.

On the surface, all is calm in the country, where the population amounts to the size of a small English town and where the capital, Hamilton, resembles a tropical Tunbridge Wells. Indeed, Bermuda is politically stable.

Premier John Swan's United Bermuda Party enhanced its majority during the elections in February and now holds 26 seats in the colony's tiny Parliament, compared with the opposing, mildly Left-wing, Progressive Labour Party's 14 seats.

The governing party's majority was increased from four seats to 12, assuring the United Bermuda Party of power for up to five years.

The one disturbance on the outward political calm came earlier this year in the form of an unseemly row over the British governor of Bermuda, Sir Richard Posnett and his expenses.

Sir Richard, like all governors, had been appointed to the post by Britain and had held his position since 1981. He resigned in February this year following allegations about his expenses by the Bermudians. The expenses of governors are met by the local government and the row appears to have had as much to do with Sir Richard's personal style as governor as with the various allegations that were made.

In short, Sir Richard did not fit easily into the role of governor of Britain's oldest colony. He dressed with taste for ceremony, asking the cabinet if he might be excused from wearing the governor's plumed hat when reading the speech from the throne at Parliament. He was, apparently, also distinctly unenthusiastic about the demanding Bermudian social scene which he had to enter into as governor.

The departure of Sir Richard did nothing to harden attitudes among the population about whether Bermuda should seek independence from Britain as soon as possible. According to the Minister of Finance, Mr. David Gibbons, it has been established over a number of years through polls

International business is still the cornerstone of the island's economy

BY JOHN MOORE

also a major contributor to the prosperity of the country.

Bermuda's earnings from international business are derived primarily from the purchase of goods and services by the companies set up by the overseas firms to take advantage of the favourable tax environment in the business community and the liberal regulatory climate. This has encouraged a variety of entrepreneurial activity. During the 1980s overseas companies started to move into Bermuda in significant numbers, a trend which rapidly developed in the 1980s, and particularly in the 1970s.

Tax advantages

An overseas group setting up a company, with the prime object of carrying out business outside the island can claim exemption from requirements in the country governing companies serving the local population. The absence of income tax, corporation tax, withholding or capital gains taxes provided a main attraction for overseas companies to set up operations in Bermuda.

The so-called "exempt" companies number more than 5,500 and in the financial year ending 1981 spent \$180m. In addition to this revenue, foreign receipts from the local banks' foreign currency and trust business, dividends on overseas investments, along with receipts from the shipping register and other commercial services sold abroad, brought total earnings

from international business to around \$200m, equivalent to more than two-thirds of the earnings from tourism.

(Fewer than 200 of the exempt companies have a physical presence in the country, and many of those groups established are only files in a filing cabinet. Those that do have offices are usually the insurance concerns, controlled by overseas parent companies, which account for over 1,200 of the exempt company registrations.)

Most of the growth in international business has only taken place in the past 12 years or so. The number of companies in the insurance field has risen more than tenfold since the late '60s as industrial concerns sought to reduce their insurance costs through the establishment of in-house "captive" insurance groups based in Bermuda through which they could insure the risks of the parent company.

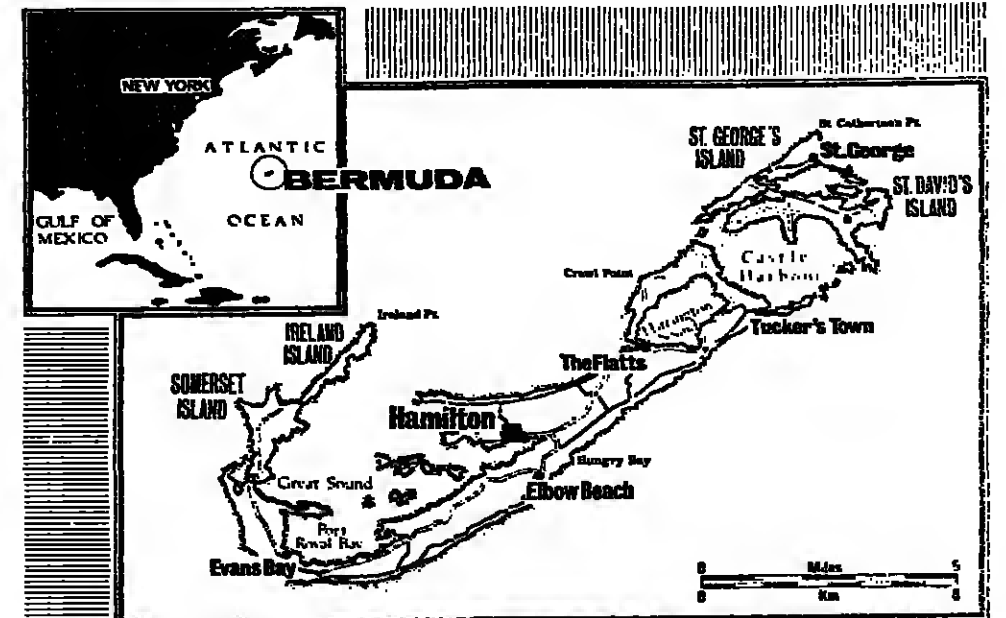
As the insurance groups have become more established, many of the captive companies have attempted to turn themselves into conventional insurance groups, albeit often owned by an industrial or non-insurance interest. As they have evolved, they have established local offices with permanent staff. A recent survey showed that 2,314 people were employed by international companies with offices in Bermuda, some 63 per cent of which were Bermudians. International insurance groups employed 1,070 Bermudians and 608 non-Bermudians.

But both these twin props of the Bermuda economy, international business and tourism, have shown some signs of weakness. In its economic review of last February, the Government warned: "It is improbable that the high rate of expansion of the offshore industry during the 70s will continue. In the captive insurance sector virtually all major companies are now represented." It is estimated that more than 300 of the Fortune 500 companies have established captive insurance groups in the country.

Consolidation

The review continued: "There are already signs of a significant reduction in the number of net company formations each year. In 1977/78 net formations were 500; in 1981/82 the number dropped to 239 and has fallen since." The Government observed: "The eighties seem likely to be a period of consolidation rather than extensive growth at least for those sectors which have already established a presence here. There is of course scope for widening the range of international business activity conducted from the island, although it would be desirable that any new areas of development place the minimum of pressure on the island's infrastructure."

At the same time, despite the rapid growth in Bermuda's international business activity in recent years, tourism remains the country's largest foreign



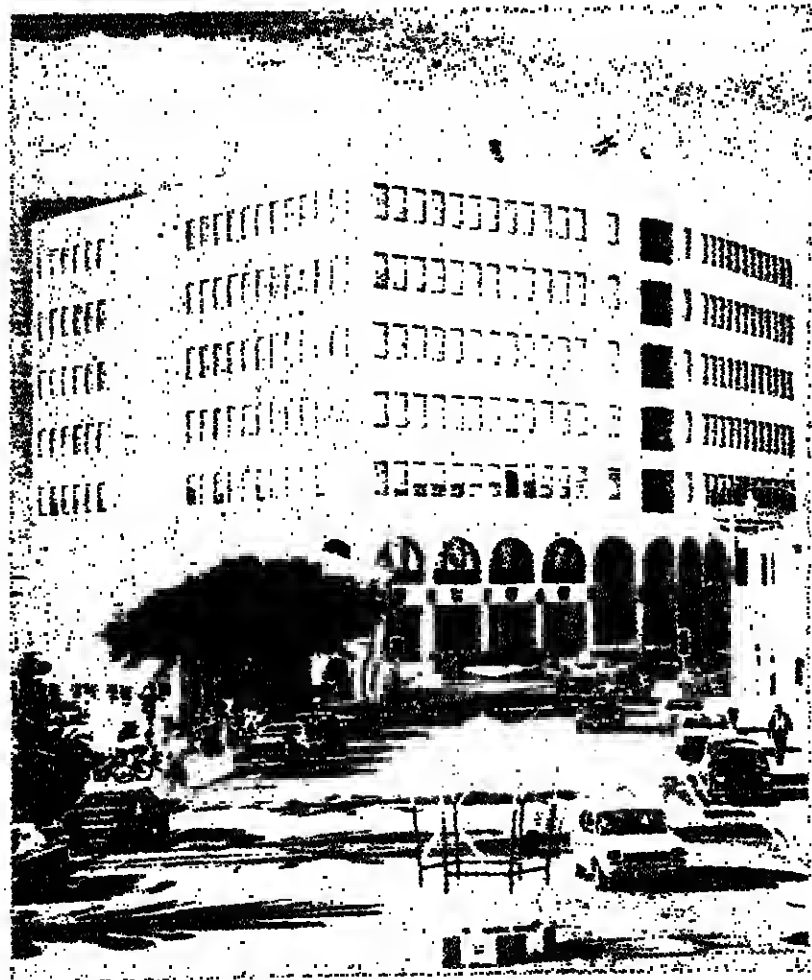
Bermuda's Premier, the Hon. John Swan, 47 (left), whose United Bermuda Party enhanced its majority during February's elections. Right: Deputy Premier and Minister of Tourism, the Hon. C. V. "Jim" Woolridge.

CONTENTS

- Overseas investors' guide to setting up an exempted company in Bermuda; key contacts and addresses... II
- Insurance sector... III
- The futures market: Bermuda's hold new project... IV
- Banking sector: slower growth forecasted... IV
- Stock market: small but genteel... IV
- U.S. links: a major influence on the island's economy... V
- Shipping: how Bermuda makes its mark on the world shipping scene... V
- Tourism: campaign to attract more U.S. visitors... VI
- The new Risk Exchange Association: its intended role... VI
- Business guide... VI

CONTINUED ON NEXT PAGE

A Truly International Bank



TOTAL ASSETS — U.S.\$2,191,385,016

Incorporated in 1890, The Bank of Bermuda Limited is actively involved in the continued development of Bermuda as an international financial centre. In this role the Bank has been both innovative and responsive to the specialized requirements of the international business community by providing comprehensive banking services, particularly foreign exchange and euro-currency deposits. Additionally, we offer a full range of Trust and Investment facilities for individuals as well as multinational corporations, pension funds and mutual investment funds.

Head Office: 6 Front Street, City of Hamilton 5-31, Bermuda.
Telephone: (809-29)5-4000.
Telex: 3212 Banco BA.



The Bank of Bermuda Limited

INTERNATIONAL SERVICES
The Bank of Bermuda (Guernsey) Limited,
Bermuda House, St. Julian's Avenue,
St. Peter Port, Guernsey, Channel Islands.
Telephone: (0481)26268. Telex: 4191502.

B. of B. (Europe) Limited,
Room 801, Gloucester Tower, The Landmark,
21 Pedder Street, Hong Kong.
Telephone: 5-265041. Telex: 86017 Bery HX

B. of B. (Europe) Limited,
Representative Office, Minister House,
12 Arthur Street, London EC4R 9AB,
England. Telephone: 01-623-5551/6.
Telex: 8812873 Banco BA

Frank B. Hall ... a name you know ... and a name you can trust ... in Bermuda and around the world.

Robin Spencer-Arscott
EXECUTIVE VICE PRESIDENT

UNDERWRITING

Underwriters of an International and U.S. reinsurance account

Frank B. Hall
(Underwriting Managers) Ltd.

John Williams
UNDERWRITER

CAPTIVE MANAGEMENT

One of Bermuda's most experienced management companies with an impressive list of international clients.

Parker & Co. — Interocean, Ltd.

Geoffrey Hunt
CONTROLLER

BROKING

Expertise and an in-depth knowledge of the Bermuda reinsurance market.

Frank B. Hall
(Intermediaries) Ltd.

Michael Jenkins
VICE PRESIDENT

Frank B. Hall (Bermuda) Ltd.

Craig Appin House, Wesley Street, Hamilton, Bermuda
P.O. Box 1581, Hamilton 5, Bermuda
Telephone: (809-29)5-5454 Telex: 34112 (HALL BA) Telecopier: (809-29)2-6130

BERMUDA II

How to set up a new business

John Moore and Adrienne Margolis report that overseas investors can create 'exempt' companies in Bermuda with relative ease.

Key contacts and addresses

HERE are some useful contacts and addresses for visiting businessmen:

● Banks:
The Bank of Bermuda, Front Street, Hamilton, 5-51. Tel: (809-29) 5-4000.
The Bank of N.T. Butterfield, Front Street, Hamilton, 5-24. Tel: (809-29) 5-1111.
Bermuda Provident Bank, Church Street, Barclays International Building, Hamilton, 5-24. Tel: (809-29) 5-5678.
● Major firms of lawyers:
Appleby, Sparling & Kempe, P.O. Box 1179, Hamilton 5. Tel: (809-29) 5-2244.
Conyers, Dill & Pearman, Clarendon House, P.O. Box 331, Hamilton 5. Tel: (809-29) 5-1422.
● Chamber of Commerce: Bermuda Chamber of Commerce, P.O. Box 655, Hamilton. Tel: (809-29) 5-4201.
● Accountants:
All the big eight accounting firms have representation in Bermuda including:
Coopers & Lybrand, P.O. Box 1171, Clarendon House, Hamilton 5. Tel: (809-29) 5-2000.
Touche Ross & Co., P.O. Box 275, Atlas House, Field Street, Hamilton 5-24. Tel: (809-29) 2-7200.

It would be practical, particularly if applied across the board.

It added: "Numerically, the most important group of exempted companies are investment holding companies established to handle the investments of individuals or families. To require an increase in the minimum capital of such concerns is neither desirable nor necessary."

Share capital

Insurance companies underwriting general business starting underwriting after January this year should have a minimum share capital of \$250,000; life insurance companies, \$500,000; and composite insurance companies, those groups underwriting both types of business, \$750,000. Non insurance exempt companies should provide minimum capital of \$25,000 instead of \$12,000.

Existing companies with a capitalisation below the new levels would be allowed five years in which to meet the minimum requirement.

The Ministry of Finance said that it was "not convinced that

As for insurance companies, the Ministry felt that it may be premature to increase the minimum limits as new insurance legislation had been coming into force since 1978. It argued that the legal requirement of a solvency margin in insurance groups, requiring capital and surplus to be increased in proportion to the growth of the company's business would achieve the Rance committee's objectives.

The Finance Ministry stressed that it would continue to review the minimum capitalisation levels of insurance companies.

Cornerstone of island's economy

CONTINUED FROM
PREVIOUS PAGE

of the ex-patriate underwriters has relieved some of the chronic pressure on housing supply within the country. But the shakeout in the insurance community is likely to continue and the impact on the economy has yet to be fully felt.

The government wants international business to remain the cornerstone of Bermuda's economy. The economic review observed: "In many respects a greater emphasis on international business might prove advantageous." It added: "Local spending by exempted undertakings is likely to be less susceptible to sharp fluctuations than are earnings from tourism."

International business is less labour intensive, an important factor in an island sensitive to the smallest increase in its workforce and the consequences on the infrastructure and the economy. International business offers a wider variety of skilled job opportunities to local residents.

The government is, therefore, planning to develop Bermuda's business activity within the insurance industry and in the computer software and telecommunications field, and with

BASIC STATISTICS

Area: 20.41 sq miles
Population: 55,231
Gross Domestic Product: BD\$621.3m
Exports (1981/82): BD\$541.5m
Imports (1981/82): BD\$472.9m
Currency: Bermudian dollar
1980/81: £=BD\$1.6030

among the new businesses which, it is hoped, will be attracted to the island.

At the same time, because of the problems which the recession has brought the Bermuda-based international insurance community there is a general reluctance to fetter the industry in any way which would discourage it from operating within the island.

"Any unreasonable official deterrents to the smooth operation of offshore business should be identified and eliminated," the government said in

February. While the government is concerned about some of the troubles which have emerged in the London insurance community involving abuses of the freedom that exists in the island's relaxed business environment, an onerous clampdown is not contemplated. However, a more improved method of pre-admission screening is to be made before companies are admitted to the market and constant discussion is to take place with the insurance market to identify possible corporate weaknesses in the Bermuda insurance community.

The real challenge for Bermuda in the 1980s is to establish a more mixed economy in a way which will not strain the country's limited resources, thereby helping to offset the volatile cyclical effects of its main business activity, tourism, and to a lesser extent insurance. For these reasons the country's economic development is undergoing an extensive period of reassessment by the present government. Bermuda's future prosperity could be heavily influenced by its outcome.

HEDDINGTON BROKERS LIMITED

INTERNATIONAL REINSURANCE BROKERS

Jointly Owned By

HEDDINGTON INSURANCE LIMITED

(A Texaco Inc. Subsidiary)

and

WILLIS FABER p.l.c.

HEDDINGTON BROKERS LIMITED

P.O. BOX 1187

HAMILTON 5, BERMUDA

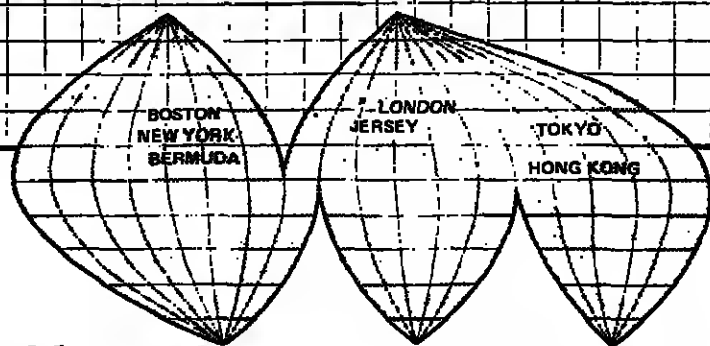
PHONE: (809)-295-3063

TELEX: 3742 TEXHI A BA



Willis Faber

YOUR 1st CHOICE FOR INTERNATIONAL INVESTMENT MANAGEMENT



Fidelity

With its Head Office in Bermuda and investment offices across the world, Fidelity International provides a range of investment services for institutions, pension funds and private investors worldwide. Funds under management have risen from \$400m in 1979 to \$2000m today.

Some of the reasons for this success are:

Dedication

No conflicts with banking or insurance interests.

International Expertise

Investment offices in America, London, Tokyo and Hong Kong.

Performance Record

Excellent long-term performance of Fidelity international funds making them ideal for growth-orientated investment. For instance, Fidelity Pacific Fund has risen 1393% since its launch in 1969 compared with 524% for the Tokyo New Index. (Figures to 12 May 1983, index adjusted for exchange rate.)

These are just some of the reasons why Fidelity should be your first choice.

Further details can be obtained from:
Fidelity International Management Limited,
20 Abchurch Lane, London EC4N 7AL

or

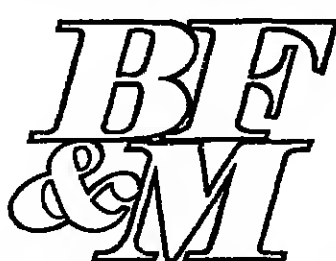
Fidelity International Limited,
Pembroke Hall, Pembroke,
P.O. Box 670, Hamilton 5, Bermuda.
Telephone: (809) 295 0665
Telex: 0280 3318



Fidelity
INTERNATIONAL

A Leader...

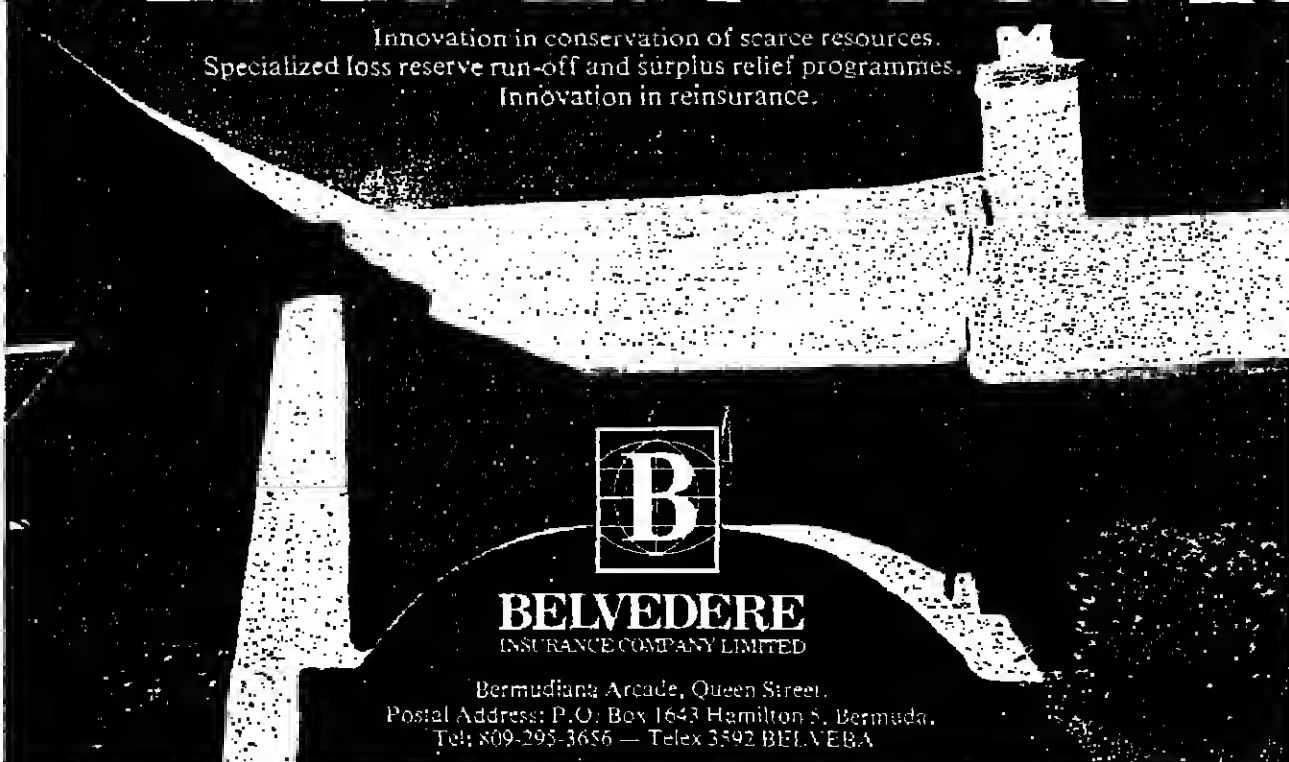
The Bermuda Fire & Marine Insurance Company Limited, incorporated in 1903. An established leader in the Bermuda Market, writing a comprehensive range of Insurance and Reinsurance for almost 80 years.



The Bermuda Fire & Marine Insurance Company Limited
INSURANCE BUILDING, PITT'S BAY ROAD, PEMBROKE, BERMUDA
P.O. BOX 1007, HAMILTON 5, TELEX 3331 BA, CABLES: BDAFIRE

INNOVATION

Innovation in conservation of scarce resources.
Specialized loss reserve run-off and surplus relief programmes.
Innovation in reinsurance.



BELVEDERE
INSURANCE COMPANY LIMITED

Bermudian Arcade, Queen Street,
Postal Address: P.O. Box 1643 Hamilton 5, Bermuda.
Tel: 809-295-3656 — Telex 3592 BELVEBA

THERE ARE two forms of Bermuda corporation. These are local and exempt companies. The exempt company is the corporate vehicle normally utilised by offshore investors.

The majority of insurance companies are also classified as exempt companies under Bermuda legislation and the Exempted Companies Tax Protection Act 1968, which allow the incorporation of companies to carry on business outside Bermuda from an office within Bermuda.

These companies are also allowed to transact business with other exempt companies, but are prohibited from competition with domestic corporations in the local market. Exempt companies are also guaranteed immunity from income and capital taxes up to the year 2006 if requested.

Prior to 1970 exempt companies could only be incorporated by a specific Act of Parliament, but since the enactment of The Companies (Incorporation by Registration) Act of 1970 the procedure has been greatly simplified.

The procedures introduced in the 1970 Act were updated in later legislation, which repealed the 1970 Act, and mutual companies may now also be incorporated by registration.

Incorporation by registration is a relatively simple process. It involves the publication of an advertisement in an appointed Bermuda newspaper indicating the proposed company name, and the fact that it is to be an exempt company and the principal objectives of the company.

Once the advertisement has been placed, an application for a permit to incorporate may be filed with the Minister of Finance at any time within three months after publication of the advertisement.

In the application to the Minister to incorporate, companies are required to provide a variety of information. Insurance companies are required to detail their operations while all companies, including insurance

memorandum of association of the company, bank references and the parent company financial statement.

The companies' legislation stipulates that a Bermuda company must have a minimum of \$12,000 of capital.

For insurance companies, the minimum amount of capital required is \$120,000, if those insurance companies are transacting general insurance business.

If the insurer is underwriting long-term business, mainly life or business written without limit of time or for periods in excess of five years the amount of capital required is \$250,000. An insurance company intends underwriting a mix of long-term and general business the amount of capital required is \$370,000.

On receipt of the application the details are reviewed by the Registrar of Companies under delegated powers from the Minister, particular attention being given to the proposed insurance programme of any insurance company seeking incorporation.

Reputation

The purpose of the review is to ensure that insurance groups have a viable insurance programme which when operational will not hurt the reputation of the island.

The registrar studies the adequacy of the proposed capitalisation, premium volume, relationship of premiums to losses, the nature of the business to be written and the proposed reinsurance arrangements.

The Minister or Registrar may also refer the application to the Insurers Admission Committee for consideration. This committee is a sub-committee

exchange earner and most important employer. In 1980/81 gross foreign exchange earnings from tourism totalled \$592m. Employment in the hotels alone numbered in excess of 5,600 in mid-1980, nearly 18 per cent of the labour force, while it is estimated that a further 2,000 jobs in the restaurant, transport and other service sectors are generated directly by tourism.

Something like 75 per cent of all employment in Bermuda is affected directly or indirectly by tourism. But while the tourist industry reached virtually peak capacity in the spring and summer of 1979-80, since 1980-81 there has been a recession, influenced largely by the fortunes of the economy of the U.S. from where most of its visitors come from.

Even so, the working population has been growing more slowly than the demand for labour and, although tourism has been in recession, wages have shown significant increases. A moratorium has been introduced on the building of new hotels, together with a strict planning policy for increasing capacity at existing hotels. This has been prompted by environmental and infrastructure considerations, in particular the need to avoid unacceptable strains on the country's limited supplies of land, labour and transport and to maintain the standards of existing tourist amenities. As a result there has been more efficient utilisation of existing capacity. But cost pressures are increasing in the hotel industry which has led to further increases in rates.

The government concluded in its economic review that the decline in tourism since the late spring of 1981 "has demonstrated that economic growth is by no means assured."

At the same time, while the growth in formation of international business has been slowing down, there are signs that companies, rather than consolidating their position in Bermuda, are withdrawing or relocating their activities. The insurance industry in Bermuda has been touched by the recession which exists elsewhere in the international insurance and reinsurance community.

There is world-wide overcapacity in insurance markets and those companies in Bermuda which have rushed to develop their portfolios of business in an effort to become fully fledged insurance companies have encountered a mixed experience. Phillips Petroleum's Walton Insurance company in Bermuda suffered huge losses by attempting to widen its business portfolio and is now withdrawing from insurance of business other than that of risks of its parent company, Phillips.

In turn, the withdrawal of groups from certain classes of underwriting or the relocation of their offices nearer to their parent companies in an effort to improve efficiency has led to redundancies in the Bermuda insurance community. So far the government is fairly phlegmatic about the likely impact that the withdrawal of some of the international groups, arguing that it has been possible for those made redundant to find jobs elsewhere, while the departure

BERMUDA III

John Moore examines the growth of Bermuda's \$5bn insurance market. More than 1,200 insurance companies now use the island as an offshore base.

World's largest 'captive' insurance market

BERMUDA'S \$5BN insurance market has suffered a number of shocks in the last few months which could have wider repercussions on the country's economy.

Walton Insurance Company, the Bermuda based insurance arm of Phillips Petroleum, has been hit by heavy losses amounting to a net \$60m. The group is contracting its operations and has been forced to make a number of redundancies.

Continental Reinsurance Corporation (Bermuda), part of Continental Corporation, the insurance group, has decided to relocate its Bermuda operations to New York in a move to improve efficiency and cut costs.

Mentor Insurance, a wholly owned subsidiary of the New Orleans-based oil exploration group, Ocean Drilling and Exploration Company, has decided to transfer a large part of its Bermuda-based underwriting business to sister companies in the United States.

Alexander International, part of Alexander & Alexander Services, the world's second largest broker, has announced rationalisation moves following its parent company's take-over of the London-based broker, Alexander Howden last year.

Complications

The worsening trading conditions in the Bermuda insurance community have been complicated by another factor. Some of the troubles developing in the Lloyd's of London insurance market have involved transactions which have been carried out in the Bermuda market. This Bermuda authorities are concerned about the effect that the troubles surfacing in Lloyd's will have on the Bermuda insurance community and its image in other important insurance communities.

The most significant development in Bermuda's business activity since the late sixties has, in fact, been the growth of the insurance industry. Bermuda has emerged as the world's largest 'captive' insurance market with insurance groups turning over an estimated \$5bn a year. The market is composed of insurance and reinsurance companies, formed by non-insurance interests to insure or reinsure the risks of the parent company.

In forming these companies, non-insurance groups, often some of the largest industrial companies in the world, have been able to reduce their insurance costs.

Placing their insurance business through their own in-house

companies has meant that premiums are fixed in relation to the loss experience of the parent company. If the group placed its insurance business with an independent insurer which has suffered a bad experience in its underwriting of similar business for another industrial company, the premium rates might be disproportionately high for an industrial company with a good record in insurance claims.

The establishment of a captive can ensure that the premiums charged reflect more accurately the risk which is being carried by the insurer.

There have been other attractions. Bermuda does not have any income tax, corporation tax, withholding tax, tax on profits, or any other taxes. Subsidiaries of overseas parents operating on the island can claim exemption. Insurance subsidiaries could operate in a cost effective way on the island while building enough reserves to meet claims.

The number of companies in the insurance field in Bermuda has risen more than tenfold since the late sixties and now exceeds 1,200 out of more than 8,500 companies which are using Bermuda as an offshore base.

Most of the companies in the Fortune 500 have established captive insurance concerns in Bermuda. The Ford Motor Company, Exxon Corporation, Dana Corporation, Transocean Gulf Oil Company, Arco Steel, for example, have established captive insurance groups on the island.

As the companies have become more established so they have been looking at ways to expand their business, insuring risks other than their parent company risks.

Their expansion into third party or non-related business was given impetus by the Internal Revenue Service in the U.S. which in the 1970s ruled that parent company insurance premiums paid across to an in-house captive insurance company would not be allowable for tax purposes.

Because the original IRS ruling indicated that premium tax deductibility would be related to the amount of business passed by the parent company to its subsidiary, many captive owners looked for ways to reduce the reliance of their insurance company on parent business.

The Walton affair in Bermuda tends to dominate market talk. Walton started moving into non-related business sometime before the Internal Revenue

Service ruling in 1977.

Mr Malcolm McLachlan, vice-president and underwriter at Ancon Insurance Company, Exxon's Bermuda insurance subsidiary formed in 1942, notes: "There is a market here for non-related business, but profitable business is increasingly difficult to find. The care which is being exercised in underwriting non-related business here is a reflection of underwriting business world-wide."

Ancon has been developing its non-related business portfolio since 1978. "We have fewer than 200 contracts in force on the related side. Contrast that with the 7,000 the Walton took on its books since 1978. There aren't in my opinion 7,000 treaties in the world worth underwriting. I doubt whether there are 700. Our acceptance ratio is very small. Out of 600 treaty submissions in the last renewal season we actually wrote 14."

The Walton, formed in Bermuda in 1971, was less selective in its underwriting. At the end of 1982 the Walton's book of non-related business amounted to five times the amount of business provided by the parent company, Phillips Petroleum, on the insurance of its own risks. The group insured large lines of aviation business and market estimates suggest that the group took on around 5 per cent of the world's aviation insurance business. By comparison Ancon's non-related business accounts for under 10 per cent of its total.

Interest

Large lines of business were produced for the Walton through a broking company in which it had an equity interest, Insurance and Reinsurance Brokers (Bermuda), in which Alexander Services, C. E. Heath, both among the world's largest brokers, and Petrofina were also shareholders.

When the losses became apparent to underwriters it stopped accepting non-related business this year. It has said that it will be continuing to transact business with its parent company for 1983 although the position will be reviewed. And the Walton is satisfied that its obligations can be more than fully met from its own internal resources.

In Bermuda they argue that the possible irregularities are likely to be taken place in London rather than Bermuda, but the insurance professionals

want tighter controls on admissions into Bermuda market.

To this end, the Bermuda Independent Underwriters Association has made representations to the Minister of Finance that all insurance companies should go before the Insurance Admissions Committee. In the past it has only been necessary for insurers who plan to underwrite product liability or professional liability insurers who have had to be screened by the admissions committee.

The Bermuda Independent Underwriters Association is also planning to appoint a "consultant" who would investigate on the association's behalf any broker or insurance company suspected of unethical practice in the Bermuda market. "We are anxious to keep the market clean," said Mr Jones. The desire for more effective monitoring is shared by Mr David Gibbons, the Minister of Finance. He plans to hold regular meetings with industry representatives to ensure that problems are identified as soon as possible.

He is also maintaining regular contact with Lloyd's. Over the years excepts which was worried about the legal implications of disseminating controversial information about its member firms and other companies between markets, has started to provide the Bermuda authorities with vital information to help them supervise their market. "Until a year ago getting information from Lloyd's was like extracting teeth from a chicken," says Mr Gibbons.

International insurance companies operating in Bermuda employ over 1,000 Bermudians and over 600 non-Bermudian employees. The contraction in insurance capacity on the island as companies withdraw, others rationalise through redundancies, or relocate, has not created a serious unemployment problem. Government officials say that it has been easy for them to locate to and other jobs, while the departure of non-Bermudians from the country has eased the pressure on housing, which has been in short supply.

But the industry says that the formation of captive companies in Bermuda is slowing down and the explosive rate of growth of the 1970s is unlikely to be repeated.

● The new Risk Exchange Association. See Page VI.

A growing range of management services are being offered to Bermuda's captive insurance companies.

Overseas brokers' wider role

THE GROWTH of insurance activity in Bermuda has led to a greater involvement of overseas insurance brokers within the insurance community, through the establishment of a wide variety of ancillary services designed to support the captive insurance movement.

John and Higgins, Marsh and McLennan Companies, Fred S. Jones, Alexander International (part of Alexander and Alexander Services), Rollins Burdick Hunter, Corroon and Black, and Frank B. Hall are just some of the firms of major brokers which offer a wide range of management services in the Bermuda market.

Marsh and McLennan (Bermuda), the captive management arm of Marsh and McLennan, the U.S.-based broker, offers management services to captive insurance companies using the services of sufficient size to create their own management and internal systems.

Through its Bermuda company and other subsidiaries worldwide, Marsh provides claims and inspection services. "We don't do underwriting for clients and we do not provide investment services," says Mr Bill Pimm, managing director of the Bermuda operation. "Any underwriting that we do is mainly administrative underwriting. By that I mean we will administer the underwriting programmes that the client wants to see implemented. But we will not put a client on a risk for a certain piece of business. That decision has to be made by the client."

Fees can range between \$15,000 and \$150,000 depending on the extent of the work. But a captive management service can be cost effective, providing an insurer's premium volumes are of reasonable size. In the early years of operation, Marsh and McLennan used to manage Gulf Oil's Inco group until it became a size to manage its own affairs in the Bermuda insurance market.

Insurers Managers, part of the Reed Stephens broking group, has identified another phenomenon in the captive market. Companies with common

business interests, particularly in the U.S., have formed joint captive companies, or Association captives, as they are known, in an effort to protect themselves against heavy liability risks.

Mr David Brown, president of Insurance Managers, says that the growth of association captive companies in Bermuda began around five or six years ago. "When a lot of companies could not buy liability cover in the commercial insurance market because of a contraction in capacity. Even if they could buy cover the cost would have been so heavy it might have put some of the companies out of business."

Family firms

A lot of the companies affected were small family businesses scattered across America and they were behind the association movement.

"Insurance cover is necessary. If a company is making a product selling to a retailer or wholesaler and it can't provide insurance cover on the product it could hurt his business."

Association captives are usually formed through trade associations who after a feasibility study bring in the professionals for advice. Some associations who seek a captive formation can range from a few members to 100 or more. A captive company is formed for each association who might represent ladder manufacturers, ready mixed concrete manufacturers and other interests, such as lawyers or physicians. There are around 100 association captives in Bermuda.

Once Insurance Managers has set up a Bermuda company for the association, it channels the risk of the association through direct insurance groups in the U.S., arranging a reinsurance programme in the association's business with the captive company established in Bermuda. Insurers in the U.S. are willing to take on the risk because the exposure is limited and there is a guaranteed pool of available reinsurance. Moreover, the insured, as an association has more purchasing power.

In addition, Insurance Managers provides a captive management service and offers a reinsurance underwriting facility. "For example, property captive with a short-term liability on its business is relatively easy to assess. We do that here. We have our own property facility."

Insurance Managers analyses the risk using its own underwriters. It then approaches its sister reinsurance broker arm in London, Sten-Re, who also examines the risk, which then approaches the underwriters. "We don't run a post office operation," says the group.

At Frank B. Hall they are under no illusion about the quality of business which is produced for the Bermuda market by insurance professionals.

"Everyone knows that Bermuda does not see the best of the business. If you can weed out the business you may stand a chance of making a profit. We are turning down business at the rate of 80 to 90 per cent of all business we are shown."

Mr Robin Spencer-Scott, Assistant to Frank B. Hall (Bermuda), says that opinion is divided as to whether the growth in the captive movement has slowed. "From our point of view it has not." In the past few months the group has noticed some account switching among broking firms, who are gaining some accounts from other competitors.

"By the same token we have lost two or three accounts. If the broking accounts move away from us we are not going to retain the management of the captive."

Frank B. Hall was one of the first brokers to establish a captive management company in Bermuda in the mid sixties. It has a broking, management and underwriting structure in Bermuda with a staff which has grown from six to 35.

On the underwriting side Frank B. Hall insures a general reinsurance account, U.S. and non-U.S. Wa write U.S. business through the Union Indemnity insurance company of New York, 100 per cent owned by Frank B. Hall and licensed in seven states. The group also underwrites through the captive

insurance company of Grumman Corporation, the aircraft manufacturer, an international insurance account.

"Behind those two companies we internally reinsure to Frank B. Hall captive insurance clients who wish to participate in third party non-related insurance business. We started that in January 1981 with a very conservative account. We expect to do a maximum of \$15m this year. We did about \$12.5m last year."

In this way the captive insurance clients of Frank B. Hall are guaranteed a steady flow of business as Hall channels business through a major client's captive and its own in-house insurance company.

Joint venture

Willis Faber (Bermuda), part of the large British broker Willis Faber, formed a joint venture, on a 50-50 basis, in October, 1981, with Texaco's captive, Heddington Insurance. The new company formed is Heddington Brokers and is designed to offer specialist reinsurance broking services.

At Heddington Insurance, Mr Richard Anderson, president and chief executive officer who also holds the same position at Heddington, dates the relationship with Willis Faber to two years ago and the renewal season of 1981.

Heddington Insurance is attempting to break away from its captive identity and gain acceptance as an insurance subsidiary. "We are expanding our non-related book of business under rigidly-controlled underwriting in very selective markets," says Mr Anderson. "We still have a very high turn-down rate." Heddington estimates that it is declining in excess of 83 per cent.

Heddington has made it clear to brokers that there is little sense in showing the group poor business. "We still have a rejection rate of over 80 per cent, even though we are being shown selective business which the brokers know will fit our portfolio."

J.M.



BERMUDA'S FIRST BANK IN INTERNATIONAL BANKING SINCE 1858.

That's real experience. That's why so many international corporations use Butterfield's Banks, its branches, and subsidiaries, to conduct their banking, trust and investment business.

Through the facilities of the Bank's wholly owned subsidiary Butterfield Executor and Trustee Company, international corporations and private clients are also able to take advantage of the expertise available in many specialised areas of trust administration, management of investment accounts and registrar and transfer agent services.

The Bank of N.T. Butterfield & Son Ltd.

P.O. Box 195, Hamilton 5, Bermuda Telephone: (809-29) 5-1111 Cables: "FIELD" Bermuda Telex: 3211 FIELD BA

Branches in St. George's Somerset Hamilton Southampton

Overseas Offices

California
Representative Office
Tel: (714) 752-6238

Grand Cayman
Subsidiary
Tel: (909) 940-9501

Guernsey
Alliance
Tel: (0461) 26341

London
Representative Office
Tel: (01) 248 4871

New York
Representative Office
Tel: (212) 266-7466

Announcing Specialized Software Systems for the International Reinsurance Industry.

Coopers & Lybrand Associates Limited, Bermuda, are offering a suite of software systems designed primarily for reinsurance and captive management companies. Our first system has been delivered to an international client.

Three major systems — reinsurance, investment management and financial reporting — are available. Each system is designed to allow it to operate alone or to be integrated with the others. For example, a client is combining our systems to provide a comprehensive and sophisticated captive management system.

The design approach is advanced and flexible, and facilitates tailoring the system to meet the specific needs of individual clients. The database allows the extensive use of screens offering on-line, real-time processing and management information.

International business requirements are met as the systems are fully multi-company and multi-currency. This allows clients to manage many companies simultaneously and independently while data is entered in any currency.

The systems are now being marketed internationally. For further information, please contact Patrick Sherry, Managing Director.



Coopers & Lybrand associates

BERMUDA IV

New Bermuda scheme could revolutionise trading in the world's futures markets

Ambitious project for trading in futures

CHURCH STREET, Hamilton: the heart of Bermuda's insurance community. Here, one of the most ambitious commercial projects that has been mounted in Bermuda in recent years is being planned. If it succeeds, it could revolutionise trading in the world's futures markets.

Trading in futures—investment instruments which allow commodities or money, stripped down to the status of a commodity, to be freely traded at future dates as well as in the present—is usually carried out

on bustling trading floors in various financial centres. Chicago, New York, and London have their own financial futures exchanges where traders meet to carry out their deals in the most boisterous and hectic environments imaginable.

Deals are clinched using the "open outcry" method, which means that orders and sales are shouted between the traders, who also use a tic-tac language of hand signals to indicate their trading intentions.

Now, in Bermuda, attempts

are well advanced in the establishment of the world's first computerised futures market, which could lead to the creation of an important automated futures trading network.

The company which is devising the scheme is The International Futures Exchange (Bermuda)—known as Intex.

Intex is the brainchild of Mr Eugene Grummer, a former Merrill Lynch executive and commodities trading expert, and Mr Junius Peake, another commodities professional.

Mr David Thompson, vice-president of the Exchange, explained the reasons for the move: "Through their experience of the futures industry, Mr Grummer and Mr Peake saw a system of trading which had become somewhat antiquated. The 'open outcry' method was efficient at bringing buyers and sellers together."

He continued: "Circumstances are changing. We have very good communications. We have had a large increase in the volume of trading in futures contracts. I believe that in 1982 something like \$2m of futures contracts were traded alone before allowing for commodity deals."

His group argues that the physical resources and energy required in present day floor trading are now so demanding that there is a loss of efficiency and the heavy toll on the stamina of individuals means that trading cannot be sustained as long as dealers would like.

Intex points to the failure of some markets to extend their trading hours, which it argues is largely because of the inability of individual dealers in the market to withstand the exhausting business of floor trading over longer periods.

Existing trading systems need to be modified, says Intex, and expanded to increase efficiency and provide a method where continuous dealing can be achieved.

Moreover, when volume increases on markets so does erosion, says Intex.

"We said there must be a better way," said Mr Thompson. "Other exchanges have adapted themselves, like the foreign exchange markets."

The concept of automated trading in the futures market has been developing for the last five years and it is only recently that the plan has begun to move forward. Intex was incorporated as a Bermuda company in 1981.

Potential

At the Intex offices a main computer complex has been established, with additional centres in London and New York. The system is capable of handling more than 70,000 transactions per hour.

Once it is in operation, Intex says that it will offer trading hours that are at least 25 per cent longer than the U.S. exchanges. Trading can be expanded to 24 hours.

The new scheme fits in well with the Bermuda Government's desire to develop the country as a centre for computer software technology and computer marketing groups.

Like insurance, the Government sees the development of this type of activity as a non-labour intensive industry which at the same time will make a useful contribution to the economy.

Because of the support of the Government and the growing

importance of Bermuda as a financial centre Intex decided to locate its offices on the island. The regulatory authorities in other potential markets had indicated that they wanted to examine the contracts which the futures trading market wanted to introduce and were also unclear as to how the contracts which were to be approved were to be regulated.

Bermuda, Intex comes under the regulation of the Bermuda Monetary Authority and the exchange has been authorised by an Act of Parliament.

Potential users of the Intex market have two lines of access. They can become an exchange member or they can place their futures deals with an Intex member firm. A member of the exchange has the choice of having a trading station installed at his office, home, or any other place with access to telecommunication lines.

Membership

Trading memberships are being offered at \$20,000 each and only 600 trading memberships are to be sold. So far, there are 300 trading members, who in some cases have taken multiple trading memberships. Members include Merrill Lynch Commodities Inc., Samuel Montagu and Co. Sharps Pixley, Security Pacific Clearing and Services Corp and Lewis and Peat Futures.

A member's trading station consists of a mini-computer, a viewer, keyboard and a printer. The system allows him to see the movement of the market and a mechanism through which he can communicate deal and receive notification of purchases and sales.

Orders are transmitted to the Exchange via the trading station. Once the order is sent members receive a printed acknowledgement on their printers. Execution of the deal occurs when the system matches opposite orders or parts of orders at the same price level.

The International Commodities Clearing House in London is undertaking the clearing functions of transactions carried out on the Exchange. The clearing house guarantees the fulfilment of registered contracts as it does on other futures markets such as the London International Financial Futures Exchange.

Intex says that it has limited its membership to 600 "to give a certain value to the membership. We believe that if the project is successful the value of the membership of Intex will increase quite considerably if the supply of seats is limited."

Originally, memberships were sold at \$12,500, but that was increased to \$20,000 last June. If members want to become fully active members they have to arrange for the lease of the trading stations.

Eventually, ownership of the Exchange, controlled by a group of private shareholders, will be relinquished to the members of

the market.

"We were scheduled to open in June 1982 initially," says Mr Thompson. "But we have been trying to improve the system to produce the best system possible. We have been able to get members to participate in meetings to meet their needs. One of the worst things we have done is try to give too many opening dates. We have lost a certain amount of credibility. But we do not want to open the exchange before we are ready."

Meanwhile, two of Intex's principal contracts are to be a long-term U.S. Treasury and bond futures contract, with a face value at maturity of \$100,000 and a coupon rate of 8 per cent. There are four contract months—March, June, September and December—for delivery.

A gold futures contract is also offered in units of 100 troy ounces with six contract months for delivery of February, April, June, August, October and December.

The hours of dealing proposed are 9.30 am to 5 pm Bermuda time, which in London time is 1.30 pm to 9 pm.

John Moore

Genteel stock market

THE BERMUDA STOCK Exchange, to say the least, is a very orderly market. Set up in 1971, and known as the Bermuda Exchange, the exchange trades in the shares of just twenty companies, seven mutual funds, and seven bonds and debentures.

Trading on the exchange is not accompanied by the usual hubbub of other markets, and voices are seldom raised. It has been likened to a genteel game of bridge. Every Tuesday morning in one of the island's banks, representatives from the three banks meet. They in turn draw ping pong balls out of a black bag to determine who gets to make the first offer at that day's session.

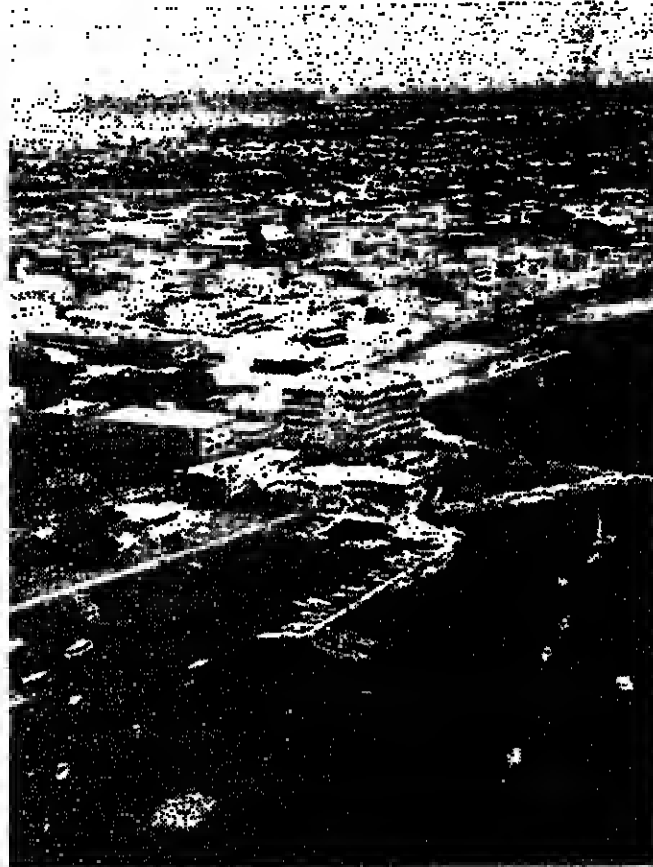
They are presided over by a Recording Referee and attended by a secretary and three bank traders who execute customers' buy and sell orders for a fee.

The market is regarded as a useful way in which to raise capital, and recently Bank of Bermuda, a Bermuda wine company, came to the market. At least half a dozen listings are in the pipeline on a market which looks increasingly attractive when Bermuda dollar shortages become acute.

TRADING SCREEN

MARKET	PRICE	LAST	OPEN	PRICE	LAST	OPEN
U.S. TREASURY	100.00	100.00	100.00	100.00	100.00	100.00
BOND	100.00	100.00	100.00	100.00	100.00	100.00
GOLD	100.00	100.00	100.00	100.00	100.00	100.00
...

● An example of how the futures market could look. A review of the intended system is still underway.



● Although a long way from the bustling trading floors in Chicago, New York and London, the impact of the new futures market at Hamilton (above) could have a significant impact on the futures industry. Plans are well advanced in Bermuda's quiet capital to establish the world's first computerised futures market. The system is capable of handling 70,000 transactions an hour.

The problem with trading is to ensure that the Bermudian ownership laws are not violated. Total non-Bermudian ownership "in any local company trading in Bermuda is restricted to 50 per cent of the share capital. There are several companies on the exchange where non-Bermudian ownership is close to 40 per cent and that could limit trading."

There is one exempt company on the Exchange, one of those 5,500 or more groups which his exempt from the restrictions of Bermuda because it is carrying on international business. That is Chevy Chase Property which came to the

J.M.

Slower growth forecast for banking sector

Banks' revenues are mostly generated overseas

BERMUDA'S BANKS share a feature which distinguishes them from most other banks worldwide—they generate more business from outside than they do locally. The largest of the three banks, the Bank of Bermuda, estimates that 96 per cent of its revenue is derived from foreign business, while its main competitor, the Bank of Butterfield, is close behind with 85 per cent. Provident is the

third of the banks, and until 1980 the island had a fourth—the now defunct National Bank which was taken over by the Bank of Butterfield.

The effects of the international scale of operations is seen both in the bank's balance sheets and in the range of services available to the small local population of only 65,000 on the island. Profits from overseas have assisted greatly in financing elaborate computer systems and services.

In 1982, the banking industry fed more than \$28m into the local economy by way of salaries and benefits to about 1,700 employees. The Bermuda Monetary Authority dictates that at least 60 per cent of total voting rights must be exercised by Bermudians; 60 per cent of the directors must be Bermudian; no more than 25 per cent of capital and reserves are lent to one customer or group of customers; and accounts must be audited independently.

The role of international business is also reflected in the very high levels of liquidity enjoyed by Bermuda's banks. Funds generated in the offshore industry located in Bermuda cannot be mixed in the local economy and banks are consequently great depositors of funds in the interbank market—funds placed on deposit with large international banks around the world.

Over the past five years the total assets of the banks have gone from over \$1.4bn in 1978 to over \$4.28bn in 1982. Profits have gone from \$8m in 1978 to \$31.2m in 1982. A total of \$9m was paid out in dividends in 1982.

In September 1982 the Bank of Bermuda posted profits of \$17.5m for the year ended June 30 and in the bank's annual report emphasised the importance of international business to the economy. This was demonstrated by the increase in the figure of net earnings which was attributable to international business—up from 86 per cent or \$11.9m in 1981 to \$17.2m or 98 per cent in 1982. The 1981-1982 profit was 26 per cent up and reflected a \$10.5m gain in total revenues to almost \$48.5m. Net interest income grew almost 39 per cent to \$31.9m.

The annual report termed the year, "but chief general manager, Mr Donald Lines, warns that the island's dependence on overseas business allowed little room for complacency. He agreed with the minister of finance Mr David Gibbons that Bermuda could not afford to lose its competitive edge. "The attractions the island offers to the tourist and the international business sectors have not, as yet, been adversely affected by the U.S. re-

cession, for we provide services to a small and select market," Mr Lines points out. "However, it is obvious that our economy is unavoidably intertwined with development overseas so we must not feel complacent." The Bank of Butterfield, known as Bermuda's first bank, declared a 23 per cent increase in profits to almost \$12.6m.

Total income rose \$6.7m to nearly \$33.5m, 68 per cent of it from interest earnings alone worth \$22.6m, \$4.6m more than the previous 12 months. This and deposits, 25.3 per cent up at \$1.5bn, constituted what the annual report described as the principal reasons for the bank's improved profitability. But the bank felt that high earnings over the next 12 months were unlikely to be achieved easily.

The Bank of Butterfield said its highest corporate priority was the marketing of services.

Profits

In 1982 the Provident Bank's profits topped the million dollar mark for the first time. Net

income for the year to September 30 rose to more than \$1.1m, mainly because of the bank's larger share in international business. Total revenues reached \$39.2m.

During a year the bank also pursued a more aggressive approach to international business. "We have taken the direct approach to the international business sector," says managing director Mr Joseph McCann. "Our Barclay's link has also helped in this regard, particularly among companies which have already established connections with Barclays."

The Bermuda Monetary Authority's managing director and controller of foreign exchange, Dr Marilyn Truett, also believes that the island's economic outlook remains good despite the recession. He, too, has warned, however, that the climate for international business had to be kept favourable.

"Few of the problems plaguing the remainder of the world are evident in this country and indeed there is every reason to expect a continuation of this enviable position," he notes.

"The ultimate determinant as to how far Bermuda can be out of step with the rest of the world lies in the tolerance with which policies taken in Bermuda are accepted internationally. Fortunately, there seems to be considerable leeway within which to operate before that limit would be reached."

Keith Hunt

HEDDINGTON INSURANCE LIMITED

A wholly owned reinsurance subsidiary of Texaco Inc., incorporated in Bermuda in 1970.

As of December 31, 1982, authorized, and fully paid capital amounts to \$40 million with assets of \$452 million and stockholders equity of \$257 million.

A worldwide reinsurer of all classes of business.

HEDDINGTON INSURANCE LIMITED

P.O. BOX 1187
THE F.B. PERRY BUILDING
HAMILTON 5, BERMUDA
PHONE: (809)-295-3063
TELEX: 3490 TEXHI BA



An Investment in Lifestyle

"INWOOD" has created homes for an enviable way of life. Spacious two and three bedroom town houses and apartments with private swimming pool and tennis for exclusive use by residents. Contact your real estate agent or phone (809)-291-60747 today for an appointment to view, or write "Inwood", P.O. Box 274, Paget 6, Bermuda.



Cambridge Reinsurance Limited

Commenced in 1967
CAPITAL AND SURPLUS U.S.\$12,000,000
CAUTIOUSLY ACCEPTING PROPORTIONAL AND NON PROPORTIONAL TREATIES AND FACULTATIVE PROPERTY RISKS

For latest financial statement contact:
P.O. BOX 2019,
HAMILTON 5, BERMUDA

CANADIAN INTERNATIONAL INSURANCE (MANAGEMENT) LIMITED

COMPANY MANAGEMENT FOR ALL OFFSHORE INSURANCE SERVICES

For further information contact:
P.O. BOX 2019,
HAMILTON 5, BERMUDA

Policy

The bank of Butterfield has a conservative policy in the placement of funds with overseas banks and is at great pains to establish limits for such a placement. It makes sure, for example, that there is not an excess of funds committed to any one country. Bermuda banks run at about 85 per cent liquidity ratio of funds placed with other banks customer deposits, in other words, are only 15 per cent "lent."

WHEN YOU NEED PROFESSIONAL AND CONFIDENTIAL SERVICES IN BERMUDA

We provide corporate services, financial management, accounting, book-keeping and a wide range of business services to Bermuda's financial community.

FAIRWAY MANAGEMENT LIMITED
Harold Hayes Frith Building, Front Street and
Par-La-Ville Road, Hamilton, Bermuda.
P.O. Box 1154 Tel: (809) 29-28822

BERMUDA V

British Colony is only 770 miles from America's eastern seaboard

Big U.S. influence on economy

TO MANY BUSINESSMEN here, Bermuda is a British colony in name only, and the argument is difficult to fault. Aside from such colonial hallmarks as the island's British bobbies and its British Governor, Bermuda is inextricably linked to the U.S. The evidence is everywhere.

Retailers' shelves groan under the weight of U.S.-made goods, which accounted for well over half Bermuda's 1981 visible imports of \$322.7m, compared to Britain's share of about 11 per cent—less than half what it was eight years ago. Supermarket cash tills hold dollars—U.S. and local—the shops are full of mostly American tourists, and U.S. corporations predominate among Bermuda's 5,600 offshore companies.

The strength of U.S. economic influence derives in large part from the island's close proximity to the eastern seaboard—a distance of about 770 miles. This factor alone accounts for the fact that Americans make up close on 90 per cent of the half million or so tourists who arrive here by the plane and boatload every year. It does not explain another important aspect of U.S. influence, namely the role of the mighty American dollar, which is allowed to circulate here alongside the Bermuda dollar.

Alternative

That phenomenon, by comparison, owes less to local geography than to Britain's decision to exclude Bermuda from the sterling area. The decision, which took effect on June 23, 1972, severed what were then considered to be essential currency links with the U.K. and forced the colony to seek an alternative economic ally. It turned, not surprisingly, to the U.S.

The Bermuda Monetary

Authority, in its annual report for that year noted: "Overnight, Bermuda found that an exchange control fence had been erected between her and what remained of the sterling area... Bermuda's first reaction was to try to obtain readmission. It soon became clear, however, that the UK Government was not prepared to amend its decision to exclude Bermuda... although assurances were given that no rapid repatriation of funds would be called for by the UK authorities."

Compounding Bermuda's fears of being left out in the cold by her mother country was Britain's decision to allow sterling to float. The island's dilemma was thus complete. If the Bermuda dollar, which was created in 1970, was to remain pegged to sterling, the colony would have to accept a move to a variable discount depending on the British pound's fluctuations.

So it was that on July 31, 1972, the Bermuda dollar was formally pegged to the U.S. currency and given a one-to-one exchange rate. Bermuda still had her fragile economy to protect. The island could no longer look to the rapidly-diminishing sterling area for exchange control protection. It therefore decided to set up its own controls—for an interim period.

The interim period was short-lived. The exchange control act came into force on May 1, 1983. Its liberal provisions did little to, and were not intended to, staunch the flow of much-needed U.S. tourist dollars which were allowed to circulate along the side of the then fledgling local dollar. Monetary controls thus became, and still are, almost impossible to apply. The supply of Bermuda dollars alone reached \$213m in 1982. By 1980 it had topped \$400m and 12 months later had risen almost 18 per cent to \$473m.

Last year it increased 15 per cent to \$546m, of which about \$400m was on deposit with the banks, \$100m with local deposit-taking companies and the rest in circulation.

The problem was and still is the U.S. dollar. Its parallel circulation makes total money supply statistics impossible to compile and the effect on the economy little more than a guessing game.

Bermuda has become a victim of its own success, according to the monetary authority's policy research specialist, Mr Bob Richards. He is careful to distinguish between imported and locally generated inflation, but argues that money supply growth has almost certainly pushed up the domestic components in Bermuda's retail price index. He describes the island's 5 per cent annual rate of inflation as "totally unacceptable" compared to the significantly lower levels achieved in the U.S. but points out that without the introduction of stiff exchange controls "monetary management of the economy is not so much out of control as outside our control."

Mr Richards acknowledges Bermuda's close ties with North America, demonstrated not only in trade terms but in the presence of the U.S. naval air station and its two and a half thousand servicemen and dependents. He says he has yet to see firm statistical evidence of some economic links.

"Everybody talks about this correlation as if it were a matter of fact, but it doesn't always check out and we don't always see tourism decline when, for example, U.S. unemployment increases," he says. Even so, he admits that Bermuda's relationship with the U.S. is close to parasitic. It is not always cordial, though.

Regardless of White House intentions, the U.S. Internal

Revenue service has long had its revenue-hungry eye on Bermuda. Just two years ago the IRS prepared a 235-page report on the size of America's multi-billion dollar tax avoidance problem and recommended punitive options to "isolate abusive tax havens."

These included prohibiting U.S. airlines from flying to "designated" havens, slapping a 50 per cent tax on payments to haven-based recipients and disallowing tax deductions claimed against haven activities. It was not so much these which annoyed many Bermudians, as the fact that the island was described as one of the world's "most important tax havens" and placed in the same category as the Bahamas, the Netherlands Antilles and the Cayman Islands.

Long fight

Bermuda has fought long and hard against the tax haven label which somehow persists in getting attached to the island despite its oft-repeated assertion that it is a legitimate international business centre. The colony did little to further its case when, in September 1981, it joined with the Bahamas in issuing a combined plea to the U.S. to lift tax restrictions imposed on corporations holding overseas conferences here.

Up until the late 1970s, U.S. companies staging conventions in Bermuda could offset conference expenses against their tax liabilities. That was before the U.S. Treasury blew the whistle.

It decided that only overseas conventions held in Canada, Mexico, and, more recently, Jamaica, would be eligible to qualify for tax deductions. The result was that many U.S. corporations stopped coming to Bermuda.

The island has complained bitterly ever since that it is

losing millions of dollars every year in lost business, a complaint that has become increasingly vehement the softer the island's tourism market gets. The issue has in consequence strained relations with the U.S.

There are signs that a solution is imminent. Bermuda has been included in President Reagan's controversial Caribbean Basin Initiative. In addition to promoting greater trade links with several Caribbean states, the initiative proposed to exempt Bermuda from the convention tax restrictions.

There is, however, a catch. The initiative, which was recently approved by Congress, demands that the island should cooperate with the IRS investigations of American companies registered here. Bermuda's finance minister, David Gibbons, this month wrote to the U.S. Treasury suggesting talks over this so far unacceptable condition.

Predictably, the quid pro quo idea has gained little support in Bermuda, but with more than 5,500 international companies registered here it would have been surprising if it had.

What is surprising though is that the U.S. Treasury has not seen fit to open an IRS office here, considering the importance it seems to attach to Bermuda. Instead, the IRS office in Nassau, in the Bahamas, periodically sends one of its officers to Bermuda. As one American official here, who has regular contact with the Treasury, puts it: "The IRS tends the nets that catch the most fish."

Roger Scotton

Bermuda's shipping register boasts the fifth largest 'flag of convenience fleet' in the world

Island makes its mark on the world shipping scene

BERMUDA HAS long since shed its reputation as a remote, dependent upon the Atlantic Ocean for its survival throughout its 374 years as a British colony. This dependence is nowhere more apparent today than in the international shipping industry, which is represented here in nearly all facets from ownership, registration, management to insurance.

The Bermuda shipping register boasts the fifth largest "flag of convenience" (FOC) register in the world, with more than 880,000 tons gross—a far cry from its high of 2.1m tons in 1978. But the latter figure was before Bermuda was hit with the unprecedented problem of having to resettle locally Vietnamese refugees rescued by Bermuda-registered ships.

There was, as a result, a mass exodus of ships from Bermuda because of the resulting uncertain future of the register. Only six such refugees were resettled in Bermuda before a satisfactory arrangement was worked out to resettle refugees elsewhere, but in the interim the local register was decimated, recording a low of 435,000 tons gross only a year ago.

The fortunes of the Bermuda register appear to have now changed, and the Government has embarked on a rebuilding programme that has brought a flurry of new ships to the island. Bermuda has also benefited from five formerly UK-registered bulk carriers, which were switched to

Bermuda registration over recent months.

It is not only in the local register that Bermuda has made a mark on the world of shipping. Some of the world's largest ship companies have offices here, from the late Sir Y. K. Pao's Worldwide (Shipping) Ltd, Canadian Pacific (Bermuda) Ltd, Sea-Containers Ltd, Mundo Gas S.A., and Denholm (Bermuda) Ltd, among others.

Two groups

These companies can be classified into two groups—one in which the companies have registered vessels in Bermuda, and the other which includes companies that own and manage ships through Bermuda. Combined, the two groups employ an estimated several hundred people locally, contributing millions of dollars to the community annually, though admittedly the total contribution has never been quantified.

Also located in Bermuda are numerous protection and indemnity (P and I) clubs, mutual non-profit organisations that insure shipping interests for secondary risks such as strikes. They account for a substantial portion of the local international insurance business, and it is estimated that 60 per cent of the free world tonnage is insured through P and I clubs, with representation in Bermuda.

Bermuda also boasts a smattering of leading world figures in shipping who call the island home, from the legen-

dary Erling Naess to Per Lorenzen and Greek ship owner Captain Nicholas Kulkundis.

"It's an exceptional island," said Mr Naess, designer of the OBO (ore/bulk/oil) carrier, but now in his 84th year. "Bermuda is highly developed, with sophisticated communications, and is only one hour and 40 minutes from New York, and six hours from London."

"It is like a watch tower from which I can turn to the West and see the United States and turn to the East and Europe. I can sit here comfortably and watch what goes on. I am completely free in my actions. I am not hindered by bureaucracy, regulations or income tax."

"The entire island is a garden with no poverty and stunts through which one must drive."

The attractions for both individuals and corporations alike are essentially the same. Bermuda is a tax-free jurisdiction with little governmental restrictions in the area of international business. It offers sophisticated communications and business services in a geographic location that is both physically appealing and ideally situated for doing business in a number of continents.

As far as the local shipping register is concerned, Bermuda is officially listed as a FOC nation, but has enacted stiff licensing and safety legislation, modelled after British regulations, that makes it a cut above the cloth of other FOCs.

Bermuda is listed as a FOC primarily because of its favourable view towards beneficial ownership, opposed bitterly by a faction within the International Transport Workers' Federation (ITF), which determines FOC nations.

While the local register is listed as a FOC there are fundamental differences that make it not only different to other FOCs but also relatively small.

The restrictions go further: only British officers can man Bermudian-registered vessels. Mr Naess suggests that because the Bermuda register imposes restrictions on the nationality of ship officers, the size of the register has been held in check.

"Bermuda could become an attractive flag, but one would have to have complete freedom in the choice of crew nationality," says Mr Naess. "If independence comes for the island and restrictions are lifted, the Bermuda register could increase sharply."

"There is nothing wrong in having British officers. But there is something very attractive in being free to select the crews of ships."

Notwithstanding the national-ity restrictions, Bermuda had 2.1m tons gross of tonnage by 1979 but the unforeseen

magnitude of the Vietnamese refugee problem threw the figure of the register into doubt. In a two-year period from 1980-1982 a total of six Bermuda-registered vessels picked up refugees escaping Vietnam.

There is an unwritten law of the sea which states that refugees picked up at sea should be taken to the country of the rescuing flag. In this case, it was the red ensign, and the U.K. Government decided that Bermuda, still a colony, had to bear some of the responsibility for the refugees.

Only six refugees were resettled in Bermuda—as a result of the CP (Bermuda) ship, Port Havensham, picking up 24 refugees from the South China Sea in January, 1980. But the local government was quick to hint that it would be forced to disband the register unless it could find an alternative to resettlement in Bermuda.

Among the many arguments put forward was the inescapable fact that at 21 square miles, Bermuda was already densely populated with 55,000 residents. Bermuda was also considered culturally ill-suited for Vietnamese.

Results

CP (Bermuda) was the first shipping concern to pull out, though it still owns vessels in Bermuda, removing 28 vessels almost immediately and registering them in Hong Kong and the UK instead. Other shipowners followed, and by early last year the register was down to 435,000 tons gross.

In early 1982 the Bermuda Government was given the go-ahead by the UK to approach the United Nations High Commission for Refugees (UNHCR) in Geneva, Switzerland, to see if it could gain access to UNHCR resettlement programmes for nations that were ill-suited for resettlement, for example, Liberia and Panama.

No agreement was ever formally announced, but UNHCR did agree that Bermuda was not a suitable place for resettlement of refugees. That seemed enough for the Bermuda Government which has now embarked on a growth campaign for the register.

"After a period of decline over the past two years, this trend has been reversed, and the register is now growing at a most satisfactory rate," said Transport Minister William McPhee, earlier this year. "This growth is expected to continue in the year 1983-84 notwithstanding the depressed state of worldwide shipping."

This growth has seen the register more than double in the past year, superseding the Bahamas as the fifth largest FOC, providing the Government with \$525,000 in revenues for the year 1982-83, of which \$415,000 was a profit.

Kevin Stephenson

Bermuda. More fun than Milton Keynes.

Or Basingstoke. Or even the London Docklands. Business, conference or yes, holiday enquiries to the Bermuda Department of Tourism, 9-10 Savile Row, London W1. Telephone: 01-734 8814



The Specialists for Run-off and Claims Reserve Reinsurance

Pinnacle

Total assets exceed US \$155,000,000

Pinnacle Reinsurance Company Limited
Barclays International Building
Church Street, P.O. Box 1801
Hamilton 5, Bermuda.
Telephone: 809-292-8600
Telex: 3572 ASSUR BA

Net assets exceed US \$30,000,000

WHEN YOU NEED PROFESSIONAL AND CONFIDENTIAL SERVICES IN BERMUDA

We provide office space, accounting, book-keeping and a wide range of business services to Bermuda's exempted companies.
BUSINESS SERVICES ASSOCIATES LIMITED
Hayward Building, Bermudiana Road, Hamilton, Bermuda. P.O. 1154 Tel: (809) 29-23684

AMBERCO LIMITED

Insurance and Reinsurance Intermediaries
5th Floor International Centre
P.O. Box 1230, Hamilton, Bermuda
Tel: (809) 295 9191 Telex: 3741

Subsidiaries

AMBERCO BROKERS LTD. (BERMUDA)
AMBERCO MANAGEMENT LTD. (BERMUDA)
AMBERCO BROKERS CORP. (FLORIDA)
AMBERCO BROKERS CORP. OF NEW YORK

For Captive Management, You Have Two Choices...

...Us or Second Best.

You can rely on the experience of Continental Risk Services, Ltd. to provide superior captive management services customized to your specific needs.

Our staff of experienced professionals frees your captive from administrative end management burdens so you can expand and improve its capabilities.

We provide underwriting, reinsurance, claims and accounting services, supported by the industry's most sophisticated data processing capability.

Through us, captives can access the entire range of insurance and reinsurance services of Continental Corporation's affiliates and subsidiaries.

You can utilize our superior management services while maintaining the flexibility you enjoy with your current brokers.

We can work with your company to incorporate and license your captive.

If you are dissatisfied with your present arrangement, give us the opportunity to work for you. Call David B. Vaughan, President, at Continental Risk Services, (809) 295-6015.



Continental Risk Services, Ltd.
Continental Insurance Building, Church Street,
P.O. Box 824, Hamilton, Bermuda.

THE REISS ORGANISATION

"... the longest-established, by some measures largest, and clearly most prominent factor in the whole captive scene"

(Captive Insurance Company Reports, December, 1981)

CAPTIVE INSURANCE SUBSIDIARIES
MANAGED IN
BERMUDA

by
INTERNATIONAL RISK MANAGEMENT LTD.

P.O. BOX 660, BELVEDERE BUILDING
PITTS BAY ROAD, HAMILTON, BERMUDA
TEL: 809 29 5 0713 TELEFAX: 3335

Enquiries within Europe to:

EUROPEAN RISK MANAGEMENT LTD
E.R.M. HOUSE 31/33 MONUMENT HILL
WEYBRIDGE, SURREY KT13 8RS
TEL: WEYBRIDGE (0832) 54711 TELEFAX: 88678

LEADING WORLD MANAGERS OF CAPTIVES



As a wholly owned subsidiary of The Bank of Bermuda Limited since 1973, we provide management services for 'in-house' mutual funds and presently manage two public funds, both of which are listed on the London Stock Exchange:

ANCHOR INTERNATIONAL FUND
Invests in an internationally diversified portfolio of equities. The Fund's advisors are G.T. (Bermuda) Limited, a member of the G.T. Group of international investment management companies.

March 29th, 1983:

Total net assets US\$18.9 million

BERMUDA INTERNATIONAL BOND FUND

Invests in fixed interest obligations on a global basis and is advised by the Investment Department of The Bank of Bermuda Limited.

March 25th, 1983:

Total net assets US\$153 million

MANAGEMENT INTERNATIONAL LIMITED
The Bank of Bermuda Limited,
No. 6 Front Street, Hamilton S-31, Bermuda,
Telephone: (809) 2915-1000 Telefax: BA3212

CONSOLIDATED SERVICES LIMITED

73 FRONT STREET
HAMILTON, BERMUDA

INTERNATIONAL COMPANY MANAGEMENT AND INVESTMENT SERVICES

Mailing Address:
P.O. Box 1366
Hamilton 5
Bermuda

Telephone: (809-29) 5-5313
Telefax: 3755 "CHAIR BA"

BERMUDA VI

Campaign to attract more U.S. tourists

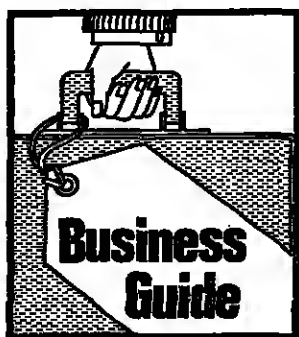
VISITORS BY AIR AND SEA

	Total	U.S.A.	Canada	Country of Embarkation	Other Europe	Other
1975	411,044	356,672	31,980	13,050	4,539	4,803
1976	449,459	390,201	35,263	14,184	4,887	4,924
1977	459,454	382,411	35,094	13,195	4,167	4,587
1978	419,028	365,177	28,694	13,823	5,289	5,045
1979	458,095	397,750	32,108	16,519	5,604	6,114
1980	491,035	424,685	34,622	18,509	6,504	6,715
1981	429,260	375,647	18,167	15,324	4,713	5,409

	739	611	36	36	44	12
1975	678	523	55	40	41	19
1976	1,571	1,275	53	90	64	89
1977	756	523	30	62	102	39
1978	686	539	10	49	75	13
1979	695	416	21	67	81	20
1980	542	415	11	35	66	15

	99,602	94,608	3,174	632	919	269
1975	108,537	103,502	3,082	373	1,504	376
1976	121,830	126,519	3,437	712	689	473
1977	131,852	121,052	1,597	5,747	2,641	685
1978	140,364	132,568	1,237	4,060	775	1,684
1979	117,916	110,398	1,597	2,704	1,973	1,244
1980	105,445	99,185	1,742	2,842	1,155	491

Source: Department of Tourism



Climate
May-Oct. likely temperature range 18°C-30°C, with maximum likely (30°C) July/August.
Dec.-Feb. likely range 16°C-20°C, minimum likely 16°C. No marked rainy season. Sea breezes generally with occasional hurricane-force in Sept., but serious damage rare.

Airlines
Air Canada, American Airlines, British Airways, Delta Air Lines, Eastern Air Lines.

Hotels
In Hamilton: Bermudiana (Tel: 51211; Telex: 3264).

Coral Island PO Box 257, Flatts 3 (Tel: 20331; Telex: 3379).

Groton Bay Beach & Tennis Club PO Box 1291.

Hamilton Princess (Tel: 38333; Telex: 3476).

PO Box 837 (Tel: 295-3000; Telex: 3242).

In Paget: Elbow Beach South Shore (Tel: 55355; Telex: 3268).

Harmony Hall (Tel: 23500; cable: Harmony).

In Pembroke: Hamiltonian PO Box 1733 (Tel: 55608; Telex: 3493).

In St. George's: Holiday Inn PO Box 59 (Tel: 809/297-8222).

In Southampton: Sonesta Beach (Tel: 88122; Telex: 3462).

Southampton Princess PO Box 1379 (Tel: 298-8000; Telex: 290-3352).

Taxis
Metered taxis available; those with blue pennant driven by qualified guides—and are available on time basis for sightseeing; 10 per cent tip is usual.

Car hire
Self-drive cars are not available and local licences are not issued for short stays.

Road
Around 250 km of well-surfaced roads.

Bus
Extensive service; fixed (exact required) fare system.

Sea
All main shore points are served by ferries.

Telecommunications
Telephone dialling code for Bermuda: 1 809 29; no area codes needed, follow by subscriber's (five-digit) number.

Direct dialling to UK, North America, approx. 44,000 telephones; 100 per cent automatic service; 6,200 business lines.

Telex facilities available at Cable and Wireless Public Booth, Hamilton.

Banks
Main centre: Hamilton. Head offices: Bank of Bermuda, Bank N.T. Butterfield and Son, Bermuda National Bank, Bermuda Provident Bank, European American Finance (Bermuda), International Trust Co. of Bermuda, Montreal Trust (Bermuda), Schroders (Bermuda).

Foreign branches: Bank of Nova Scotia (Scott's Bank). Banking hours: 0830-1500 (exceptions: Fri. also 1830-1730; Sat. Sun. closed). Tariff restrictions: All monetary dealings must be through banks; import permits (carrying the right of foreign exchange) are required by all importers.

Main industries
Tourism: contributes over 40 per cent of GDP; 1979 total visitors: approx. 460,000 (a record); over 80 per cent of visitors from U.S.; cruise ship passengers make up 20-25 per cent of total.

Commerce
Insurance companies and similar (offshore) financial institutions are major source of revenue.

Manufacturing
Employs less than 3 per cent of workforce; toiletries, cosmetics, etc. and liquor are most important; also: paint, printing and publishing, handicrafts etc.

Agriculture
Less than 6 per cent of total area is cultivated arable land and this portion is likely to continue to decrease as tourism development encroaches on it.

There is a freshwater source other than rainwater conservation, and sea-water conversion. Many workers come from Azores (short-term contracts). Holdings

able and local licences are not issued for short stays.

Road
Around 250 km of well-surfaced roads.

Bus
Extensive service; fixed (exact required) fare system.

Sea
All main shore points are served by ferries.

Telecommunications
Telephone dialling code for Bermuda: 1 809 29; no area codes needed, follow by subscriber's (five-digit) number.

Direct dialling to UK, North America, approx. 44,000 telephones; 100 per cent automatic service; 6,200 business lines.

Telex facilities available at Cable and Wireless Public Booth, Hamilton.

Banks
Main centre: Hamilton. Head offices: Bank of Bermuda, Bank N.T. Butterfield and Son, Bermuda National Bank, Bermuda Provident Bank, European American Finance (Bermuda), International Trust Co. of Bermuda, Montreal Trust (Bermuda), Schroders (Bermuda).

Foreign branches: Bank of Nova Scotia (Scott's Bank). Banking hours: 0830-1500 (exceptions: Fri. also 1830-1730; Sat. Sun. closed). Tariff restrictions: All monetary dealings must be through banks; import permits (carrying the right of foreign exchange) are required by all importers.

Main industries
Tourism: contributes over 40 per cent of GDP; 1979 total visitors: approx. 460,000 (a record); over 80 per cent of visitors from U.S.; cruise ship passengers make up 20-25 per cent of total.

Commerce
Insurance companies and similar (offshore) financial institutions are major source of revenue.

Manufacturing
Employs less than 3 per cent of workforce; toiletries, cosmetics, etc. and liquor are most important; also: paint, printing and publishing, handicrafts etc.

Agriculture
Less than 6 per cent of total area is cultivated arable land and this portion is likely to continue to decrease as tourism development encroaches on it.

There is a freshwater source other than rainwater conservation, and sea-water conversion. Many workers come from Azores (short-term contracts). Holdings

are usually under 5 hectares.

Fishing
Major source of protein; species taken include lobster, mussels, conch, shark.

Exports
Main sectors: toiletries, cosmetics, etc. liquor (e.g. rum).

Main destinations
Jamaica (typically 20-25 per cent of total value), U.S. (10-15 per cent), Spain, UK. Large visible trade deficit is covered adequately by invisible earnings.

Imports
Main sectors: manufactured goods (typically 35-40 per cent of total value); food, beverages, tobacco (typically 25 per cent of total value); 80 per cent of all food eaten is imported; chemicals, etc.; mineral fuels; raw materials.

Main sources
U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Natural resources
Department of Tourism, Old Town Hall, Front Street, Hamilton.

Business Guide
Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.



The new Governor of Bermuda, Britain's oldest colony, is Viscount Dunrossil. He was formerly British High Commissioner at Bridgetown.

are usually under 5 hectares.

Fishing
Major source of protein; species taken include lobster, mussels, conch, shark.

Exports
Main sectors: toiletries, cosmetics, etc. liquor (e.g. rum).

Main destinations
Jamaica (typically 20-25 per cent of total value), U.S. (10-15 per cent), Spain, UK. Large visible trade deficit is covered adequately by invisible earnings.

Imports
Main sectors: manufactured goods (typically 35-40 per cent of total value); food, beverages, tobacco (typically 25 per cent of total value); 80 per cent of all food eaten is imported; chemicals, etc.; mineral fuels; raw materials.

Main sources
U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Natural resources
Department of Tourism, Old Town Hall, Front Street, Hamilton.

Business Guide
Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

U.S. (typically around 50 per cent of total value), Netherlands, West Indies, UK, Canada, Japan, France, German FR, Hong Kong.

Department of Tourism, Old Town Hall, Front Street, Hamilton.

Information reproduced here from Latin America and Caribbean country-by-country guide, published by World of Information, 27 Gold Street, Salterns, Weybridge, Surrey KT13 8RS. Tel: 0832 54711. Price £7.

TOURISM IS the life blood of the island. While exempt company business is also a grateful source of revenue it is tourism on which Bermuda mainly relies for its high standard of living and affluence, which is only too apparent when compared with the poverty which exists in most Caribbean islands.

The Government takes every opportunity to remind all Bermudians that visitors cannot be taken for granted.

The precarious nature of the industry was demonstrated all too graphically in April and May of 1981, when labour unrest by blue collar workers belonging to the powerful Bermuda Industrial Union brought the colony to a virtual standstill in their quest for more pay and better conditions.

Workers carried out their strike and tourists were soon told to book alternative holidays.

The result was devastating for Bermuda's economy and the effects are still being felt today. Ironically, the shutdown followed the record-breaking year of 1980.

In presenting his budget for 1982-83 Mr Jim Woolridge, Minister of Tourism, noted that the amount was \$10.8m, a 2.4 per cent increase over the previous year.

Mr Woolridge said that his department had to approach the finance ministry late in May, 1981, for supplementary expenditure of \$856,000 for a special advertising campaign designed to win back tourists after the strike.

The budget for the ensuing financial year was, therefore, a 12.2 per cent increase over the revised operating budget.

Mr Woolridge told MPs: "The damage to this community is still being felt, not only by all segments of the hotel industry but by every other segment of Bermuda's economy—the merchant community, taxi drivers, motel rental firms, sightseeing establishments and restaurants."

"For years my department has been making the point whenever the opportunity presented itself that tourism is everybody's business. It is a great shame that it takes a major industrial dispute which overflows into the hotel industry to reinforce this point."

Tourism's contribution to the gross domestic product is estimated at 45 per cent and about 60-65 per cent of all foreign exchange earnings come from the tourist trade.

In 1981 regular business was down by 12.6 per cent, representing a drop of about 62,000 visitors from the 1980 figure. Cruise visitors fell by 10.6 per cent.

The setback caused by the

labour dispute combined with the recession in the U.S. — the main source of visitors — Canada and the UK — also matters worse. Mr Woolridge also points to one other salient point which causes him concern. "Bermuda lost its credibility and its momentum," he laments.

"It does not take much to turn people off a destination or to make them decide that they will postpone that Bermuda visit until a later date." As a result the tourism department has re-examined its marketing strategy.

In the U.S. the "target audience" is defined as a family with a \$50,000 plus income, travel-oriented to island destinations and interested in a quality environment.

Soma 83 per cent of U.S. business comes from the north east — from Maine to Washington DC. The states of New York, Massachusetts, Connecticut, New Jersey and Pennsylvania provides the bulk of business.

Air services
Bermuda is served by only a handful of airlines—American, Eastern, Delta, Pan American, Air Canada and British Airways, but improved services resulted in a boost from the southern U.S. and also through a new Atlanta gateway.

It is estimated that the north east market should contribute at least 75 per cent of business during the next five years while the south east/Texas markets are expected to grow from 9 per cent to 15 per cent. The advertising slogan has also been changed. It was: "Bermuda—get away to it all." Now it is: "Couldn't you use a little Bermuda right now?"

Although Bermuda is geared towards attracting Americans primarily because the island is just a two-hour flight away, the tourism department has resisted the temptation to concentrate only on the U.S.

Mr Woolridge says: "We believe that part of Bermuda's charm is that we are a British colony, Britain's oldest, and the international mix of visitors adds a great deal to the vacation experience."

While tourism officials are betting to return to the peak of 1980, it seems unlikely that 1983 will be the year

to do it. At the start of the year, Mr Woolridge was confidently predicting that he had old days were past. But as the high season approaches figures have not been overly impressive. The total number of visitors for last April dipped by 14 per cent on the same month last year.

Still the irrepressible minister refuses to accept that doomsday beckons. "I think we are looking at a very good year," he said. "When we look at the overall picture I think we will be able to hold our own."

Bermuda is envied for its employment record. While the opposition Progressive Labour Party tends to disagree, it is the proud boast of the ruling, mainly white United Bermuda Party that unemployment is virtually non-existent.

On an island with a population of 55,000 many workers choose an hotel job. The general attitude is that no-one needs to be out of work if they do not want to be. One unusual feature which youngsters can take advantage of is if they decide to nurture tourism rather than choose a more lucrative career with wealthy exempt companies is an hotel which is staffed completely by college students. St. John's College is regarded as one of the top hotels and attracts few complaints from tourists who stay there.

Expensive
A Bermuda holiday is unlikely to be cheap. All of the major hotels charge top rates with the last word in luxury considered to be at the Southampton Princess, an impressive property on the south shore which Lornie owns along with the